Annual Report

2022

December 1, 2021 to November 30, 2022

Kewpie Corporation

The information contained in this report is derived from Kewpie Corporation's (the "Company") Annual Securities Report in Japanese filed with the Commissioner of the Financial Services Agency on February 24, 2023 in accordance with the Financial Instruments and Exchange Law, and has been translated into English for the convenience of readers outside Japan.

Document Title:	Annual Securities Report
Corporate Name:	KEWPIE KABUSHIKI-KAISHA
English Corporate Name:	Kewpie Corporation
Name and Title of Representative:	Mitsuru Takamiya
	Representative Director President and Chief Executive Corporate Officer
Location of Head Office:	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo 150-0002, Japan
Contact:	Takeshi Kitagawa
	Corporate Officer Senior General Manager of Management Promotion Division
Telephone:	+81-3-3486-3331

Table of Contents

I. Outline of the Company

1. Principal Management Indexes

(1) Consolidated principal management indexes for the five years ended November 30, 2022

Period ended	Nov. 2018	Nov. 2019	Nov. 2020	Nov. 2021	Nov. 2022
Net sales (millions of yen)	573,525	545,723	531,103	407,039	430,304
Ordinary income (millions of yen)	34,349	33,275	28,989	29,698	27,249
Profit attributable to owners of parent (millions of yen)	18,320	18,698	11,591	18,014	16,033
Comprehensive income (millions of yen)	17,786	17,646	14,347	24,546	32,635
Total net assets (millions of yen)	266,100	276,753	287,356	269,301	294,623
Total assets (millions of yen)	419,736	444,309	454,276	381,003	403,384
Net assets per share (yen)	1,582.27	1,646.73	1,676.05	1,767.14	1,925.54
Earnings per share (yen)	124.85	130.72	81.04	128.17	115.34
Earnings per share – diluted (yen)	—	—	—	—	—
Equity ratio (%)	53.9	53.0	52.8	64.5	66.4
Return on equity (%)	8.1	8.1	4.9	7.4	6.2
Price earnings ratio (times)	22.1	18.6	26.8	18.0	21.2
Cash flows from operating activities (millions of yen)	41,778	43,916	34,955	38,533	27,199
Cash flows from investing activities (millions of yen)	(20,199)	(29,720)	(26,039)	(20,277)	(15,947)
Cash flows from financing activities (millions of yen)	(15,293)	(4,602)	5	(18,701)	(16,812)
Cash and cash equivalents at the end of the fiscal year (millions of yen)	47,970	56,777	65,777	66,703	65,335
Number of regular full-time employees, and average number of temporary employees in brackets	14,808 [9,843]	15,452 [9,404]	16,003 [9,268]	10,719 [5,166]	10,696 [5,089]

(Notes)
1. Earnings per share – diluted is not presented because of no issue of potential shares.
2. The Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant guidance effective as of the beginning of the fiscal year ended November 30, 2019. Accordingly, the principal management indexes pertaining to the fiscal year ended November 30, 2018 have been retroactively adjusted to reflect the adoption of said accounting standard and relevant guidance.
3. In the fiscal year ended November 30, 2021, the Company finalized the provisional accounting treatment for business combinations. Accordingly, the principal management indexes pertaining to the fiscal year ended November 30, 2020 have been retroactively adjusted to reflect the finalization of the provisional accounting treatment.
4. In the fiscal year ended November 30, 2021, K.R.S. Corporation ("KRS") and its subsidiaries have changed from being consolidated subsidiaries to being affiliated companies accounted for by the equity method, as the Company sold part of the shares of KRS.

(2) Non-consolidated principal management indexes for the five years ended November 30, 2022

Period ended		Nov. 2018	Nov. 2019	Nov. 2020	Nov. 2021	Nov. 2022
Net sales	(millions of yen)	203,449	192,881	176,734	178,513	184,084
Ordinary income	(millions of yen)	16,400	17,245	16,214	15,518	15,110
Profit	(millions of yen)	11,586	12,453	9,794	11,009	12,644
Paid-in capital	(millions of yen)	24,104	24,104	24,104	24,104	24,104
Total number of issued shares		150,000,000	150,000,000	150,000,000	141,500,000	141,500,000
Total net assets	(millions of yen)	147,756	153,101	156,326	151,519	158,264
Total assets	(millions of yen)	252,009	259,373	250,929	254,560	252,832
Net assets per share	(yen)	1,032.95	1,070.33	1,092.88	1,090.03	1,138.56
Annual dividends per share, and interim dividends per share in brackets	(yen)	38.0 [19.0]	45.0 [20.0]	40.0 [20.0]	47.0 [20.0]	47.0 [20.0]
Earnings per share	(yen)	78.96	87.06	68.47	78.33	90.96
Earnings per share – diluted	(yen)	—	—	—	—	—
Equity ratio	(%)	58.6	59.0	62.3	59.5	62.6
Return on equity	(%)	7.7	8.3	6.3	7.2	8.2
Price earnings ratio	(times)	34.9	27.9	31.8	29.5	26.9
Dividend payout ratio	(%)	48.1	51.7	58.4	60.0	51.7
Number of regular full-time employees, and average number of temporary employees in brackets		2,508 [774]	2,447 [738]	2,426 [569]	2,394 [537]	2,408 [538]
Total shareholder return (Comparative index: Dividend-included TOPIX)	(%)	96.8 [95.1]	87.2 [99.4]	79.6 [105.1]	85.9 [118.0]	92.3 [124.8]
Highest stock price	(yen)	3,145	2,782	2,496	2,813	2,558
Lowest stock price	(yen)	2,435	2,303	1,783	2,123	2,083

(Notes)
1. Earnings per share – diluted is not presented because of no issue of potential shares.
2. The Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant guidance effective as of the beginning of the fiscal year ended November 30, 2019. Accordingly, the principal management indexes pertaining to the fiscal year ended November 30, 2018 have been retroactively adjusted to reflect the adoption of said accounting standard and relevant guidance.
3. The highest and lowest stock prices are those of the Prime Market of the Tokyo Stock Exchange from April 4, 2022, and of the First Section of the Tokyo Stock Exchange before that date.

2. Nature of Business

The Kewpie Group (the "Group") consists of the Company, fifty-seven (57) consolidated subsidiaries, twenty-six (26) affiliated companies, and one other associated company. The Group's principal businesses are manufacturing and wholesaling of food products.

The business categories of the Group and the position of the Company and these principal associated companies in the relevant businesses are summarized below.

The business categories shown below are the same categories as the reporting segments.

Business category	The Company and principal associated companies	Major handling items / services
Retail Market	Kewpie Corporation Kpack Co., Ltd. Dispen Pak Japan Co., Inc.	Mayonnaise and dressings
	Deria Foods Co., Ltd. Shunsai Deli Co., Ltd.	Salads, Delicatessen foods and others
	Salad Club, Inc.	Packaged salads and others
Food Service	Kewpie Corporation	Mayonnaise and dressings
	Kewpie Egg Corporation Zen-noh Kewpie Egg-station Co., Ltd.	Liquid egg, egg products and others
	Kewpie Jyozo Co., Ltd.	Vinegar and others
Overseas	Kewpie Corporation Hangzhou Kewpie Corporation BEIJING KEWPIE CO., LTD. Q&B FOODS, INC. KEWPIE (THAILAND) CO., LTD.	Mayonnaise and dressings
Fruit Solutions	Aohata Corporation	Jams, fruit processed foods and others
Fine Chemicals	Kewpie Corporation	Hyaluronic acid and others
Common Business Operations	Shiba Seisakusyo Co., Ltd.	Sale of food production equipment

The Group Business Network chart on the next page shows the relationships of the business activities of Group companies.

Aohata Corporation, a consolidated subsidiary, is listed on the Standard Market of the Tokyo Stock Exchange.

(Group Business Network)

Business partners

Kewpie Group

Retail Market

Kewpie Corporation
Deria Foods Co., Ltd.
Salad Club, Inc.
Shunsai Deli Co., Ltd.
Potato Delica Co., Ltd.
Kpack Co., Ltd.
Dispen Pak Japan Co., Inc.
Other

Food Service

Kewpie Corporation
Kewpie Egg Corporation
Zen-noh Kewpie Egg-station Co., Ltd.
Kewpie-Egg World Trading Co., Ltd.
Kewpie Jyozo Co., Ltd.
Co-op Foods Co., Ltd.
Deft Co., Ltd.
Other

Overseas

Kewpie Corporation
Hangzhou Kewpie Corporation
Q&B FOODS, INC.
BEIJING KEWPIE CO., LTD.
KEWPIE (THAILAND) CO., LTD.
KEWPIE VIETNAM CO., LTD.
KEWPIE MALAYSIA SDN. BHD.
Other

Fruit Solutions

Aohata Corporation

Fine Chemicals

Kewpie Corporation
Tou Kewpie Co., Ltd.

Common Business Operations

Kewpie Corporation
San-ei Provisions Co., Ltd.
TO AD KEWPIE CO., LTD.
Shiba Seisakusyo Co., Ltd.
K.System Co., Ltd.
Other

3. Outline of Associated Companies

(1) Parent company

Not applicable.

(2) Consolidated subsidiaries

Trade name	Address	Paid-in capital/ equity investment	Business lines	Percentage of our voting rights	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (A)	Finance from the Company	Operating transactions	Lease transactions
Kewpie Egg Corporation (Notes 1 & 4)	Chofu-shi, Tokyo	350 million yen	Production and sale of liquid, frozen and processed egg	100.0	D or A 1 Employees 6	None	Purchase of products and raw materials, etc.	Leases of offices and factories
Deria Foods Co., Ltd. (Notes 1 & 4)	Chofu-shi, Tokyo	50 million yen	Sale of salads and delicatessen foods	100.0	D or A 3 Employees 6	None	Sale of goods and products	Leases of offices
Kewpie Jyozo Co., Ltd.	Chofu-shi, Tokyo	100 million yen	Production and sale of vinegar	100.0	D or A 1 Employees 4	None	Purchase of products and raw materials	Leases of offices
San-ei Provisions Co., Ltd.	Chofu-shi, Tokyo	57 million yen	Sale of products for food service use	66.2	Employees 4	None	Sale of products and purchase of raw materials	Leases of offices
Co-op Foods Co., Ltd.	Chofu-shi, Tokyo	50 million yen	Production and sale of bottled, canned and retort pouch foods	100.0	Employees 3	106 million yen	Purchase of products	Leases of offices
Co-op Foods Co., Ltd.	Kumamoto-shi, Kumamoto	10 million yen	Production, processing and sale of foods	51.0 (51.0)	D or A 1 Employee 1	None	None	None
Zen-noh Kewpie Egg-station Co., Ltd.	Goka-machi, Sashima-gun, Ibaraki	100 million yen	Production and sale of dried egg and liquid egg	51.4	D or A 2 Employees 4	176 million yen	Purchase of raw materials	Leases of factories
Q&B FOODS, INC.	California, USA	4,800 thousand U.S. dollars	Production and sale of condiments	100.0 (100.0)	Employees 3	None	None	None
KIFUKI U.S.A. CO., INC.	Delaware, USA	7.17 U.S. dollars	Investment in and management of U.S. associates	100.0	Employees 2	None	None	None
Soka Delica Co., Ltd.	Soka-shi, Saitama	98 million yen	Production and sale of delicatessen foods	100.0	Employees 5	278 million yen	Sale of goods and products	None
Hashikami Kewpie Co., Ltd.	Hashikami-cho, Sannohe-gun, Aomori	10 million yen	Production and processing of foods; outsourced work	100.0	Employees 2	None	Consignment of production	Leases of factories
Dispen Pak Japan Co., Inc.	Minami-Ashigara-shi, Kanagawa	140 million yen	Production and sale of foods, subdividing and packing work	51.0	D or A 1 Employees 4	None	Purchase of products	Leases of offices and factories
Shiba Seisakusyo Co., Ltd.	Kawasaki-ku, Kawasaki-shi, Kanagawa	20 million yen	Production of machinery and equipment	100.0	Employees 4	None	Purchase of machinery and equipment	None
Potato Delica Co., Ltd.	Azumino-shi, Nagano	50 million yen	Production of frozen and chilled foods	100.0 (0.9)	Employees 6	387 million yen	Purchase of products	Leases of factories
Deft Co., Ltd.	Shibuya-ku, Tokyo	10 million yen	Sale of condiments, frozen and processed foods	100.0	Employees 4	None	Sale of goods and products	Leases of offices
K.System Co., Ltd.	Machida-shi, Tokyo	50 million yen	Consigned clerical work	80.0	Employees 3	None	Consignment of clerical work	Leases of offices
Kpack Co., Ltd.	Goka-machi, Sashima-gun, Ibaraki	30 million yen	Production and sale of condiments	100.0	D or A 1 Employees 6	None	Purchase of products	Leases of offices
Tosu Kewpie Co., Ltd.	Tosu-shi, Saga	10 million yen	Production and processing of foods; outsourced work	100.0	Employees 2	None	Consignment of production	Leases of factories

Trade name	Address	Paid-in capital/ equity investment	Business lines	Percentage of our voting rights	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (A)	Finance from the Company	Operating transactions	Lease transactions
Hangzhou Kewpie Corporation	Zhejiang Province, China	140 million yuan	Production and sale of condiments	72.0 (72.0)	Employees 6	None	None	None
Seto Delica Co., Ltd.	Seto-shi, Aichi	30 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 4	370 million yen	Sale of goods and products	None
Ishikari Delica Co., Ltd.	Teine-ku, Sapporo-shi, Hokkaido	30 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 4	None	Sale of goods and products	None
Hanshin Delica Co., Ltd.	Itami-shi, Hyogo	10 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 6	None	Sale of goods and products	Leases of factories
Salad Club, Inc.	Chofu-shi, Tokyo	300 million yen	Processing and sale of fresh vegetables	51.0	D or A 2 Employees 3	None	Sale of goods and products	Leases of offices and factories
BEIJING KEWPIE CO., LTD. (Note 1)	Beijing, China	211 million yuan	Production and sale of condiments	72.0 (72.0)	Employees 6	None	None	None
Tosu Delica Co., Ltd.	Tosu-shi, Saga	10 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 4	None	Sale of goods and products	Leases of factories
Kewpie Ai Co., Ltd.	Machida-shi, Tokyo	30 million yen	Consigned clerical work	100.0	Employees 5	None	Consignment of clerical work	Leases of offices
Kitakami Delica Co., Ltd.	Kitakami-shi, Iwate	20 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 5	None	Sale of goods and products	None
K.SS Co., Ltd.	Shibuya-ku, Tokyo	10 million yen	Planning, production and services for sales promotion	100.0	Employees 3	None	Consignment of sales	Leases of offices
KEWPIE (THAILAND) CO., LTD. (Note 5)	Bangkok, Thailand	268 million baht	Production and sale of condiments, vinegar, salads and processed foods	45.3	D or A 2 Employees 4	None	None	None
Shunsai Deli Co., Ltd.	Akishima-shi, Tokyo	20 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 7	None	Sale of goods and products	Leases of factories
KEWPIE MALAYSIA SDN. BHD.	Malacca, Malaysia	57 million ringgit	Production and sale of condiments	70.0	Employees 4	None	None	None
KEWPIE VIETNAM CO., LTD.	Binh Duong, Vietnam	256.4 billion dong	Production and sale of condiments	80.0	Employees 3	None	Sale of goods and products	None
PT KEWPIE INDONESIA	West Java, Indonesia	255.8 billion rupiah	Production and sale of condiments	60.0 (3.5)	Employees 3	None	None	None
Kewpie-Egg World Trading Co., Ltd.	Chofu-shi, Tokyo	100 million yen	Sale of egg and processed egg	100.0 (51.0)	Employees 5	196 million yen	Purchase of raw materials	Leases of offices
Green Message Co., Ltd.	Yamato-shi, Kanagawa	100 million yen	Processing and sale of fresh vegetables	51.0	D or A 1 Employees 4	286 million yen	Sale of products	None
Tou Kewpie Co., Ltd.	Shibuya-ku, Tokyo	10 million yen	Mail-order business	70.0	Employees 4	None	Sale of goods and products	Leases of offices
Aohata Corporation (Notes 3, 5 & 6)	Takehara-shi, Hiroshima	915 million yen	Production and sale of jams and fruit processed foods	44.8 [11.1]	None	None	Purchase of products	Leases of offices
Nantong Kewpie Corporation (Note 1)	Jiangsu Province, China	184 million yuan	Production and sale of vinegar, processed egg and salads	72.0 (72.0)	Employees 6	None	None	None
Mosso Kewpie Poland Sp. z o.o. (Note 1)	Puchały, Poland	160,300 thousand Polish zloty	Production and sale of condiments	100.0	Employees 4	Liabilities for guarantee 2,147 million yen	None	None

Trade name	Address	Paid-in capital/ equity investment	Business lines	Percentage of our voting rights	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (A)	Finance from the Company	Operating transactions	Lease transactions
TO AD KEWPIE CO., LTD. (Note 5)	Shibuya-ku, Tokyo	4 million yen	Agency service for advertising, publicity, and exhibitions	50.0	Employees 4	None	Advertising agency services	Leases of offices
Kewpie China Corporation (Note 1)	Beijing, China	723 million yuan	Financial management and business management of the Company's local subsidiaries in China	100.0	Employees 5	None	None	None
Guangzhou Kewpie Corporation (Note 1)	Guangdong Province, China	270 million yuan	Production and sale of condiments	72.0 (72.0)	Employees 6	None	None	None
Kewpie Philippines, Inc.	Manila, Philippines	50 million peso	Sale of condiments	100.0	Employees 3	Liabilities for guarantee 83 million yen	None	None
Tsukuba Egg Processing Corporation	Tsukuba-shi, Ibaraki	100 million yen	Production and sale of processed egg	51.0 (51.0)	Employees 2	None	None	None
KEWPIE SINGAPORE PTE. LTD.	Singapore, Singapore	1 million Singapore dollars	Sale of condiments	80.0	Employees 2	None	Sale of goods and products	None
Kewpie Trading Europe B.V.	Amsterdam, the Netherlands	181 thousand Euro	Sale of condiments	100.0	Employees 3	215 million yen	Sale of products	None

(3) Equity-method affiliates

Trade name	Address	Paid-in capital/ equity investment	Business lines	Percentage of our voting rights	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (A)	Finance from the Company	Operating transactions	Lease transactions
Summit Oil Mill Co., Ltd.	Mihama-ku, Chiba-shi, Chiba	97 million yen	Production of vegetable oil	49.0	D or A 1 Employee 1	None	Sale of products and purchase of raw materials	None
Kunimi Nosankako Co., Ltd.	Kunisaki-shi, Oita	80 million yen	Production and sale of frozen and chilled foods	20.6	Employees 2	95 million yen	Purchase of products	None
To Solutions Co., Ltd.	Chofu-shi, Tokyo	90 million yen	Plan, development, sale, maintenance and operations support of computer systems	20.0	Employees 2	None	Consignment of calculation work, etc.	Leases of offices and rental of office equipment
K.R.S. Corporation (Note 3)	Chofu-shi, Tokyo	4,063 million yen	Warehousing and transportation	43.6 (0.3)	Employee 1	None	Consignment of storage and transportation of products and raw materials of Group companies	Leases of offices, land and warehouses
S.Y. PROMOTION Co., Ltd. (Note 7)	Koto-ku, Tokyo	200 million yen	Transportation	37.4	Employee 1	None	Consignment of transportation services	None
K. Tis Corporation (Note 7)	Chofu-shi, Tokyo	82 million yen	Warehousing and transportation	—	None	None	None	None
Kewso Services Corporation (Note 7)	Chofu-shi, Tokyo	30 million yen	Sale of equipment for cars	—	None	None	Rental of cars for factories	Rental of cars for factories
San-ei Logistics Corporation (Note 7)	Akishima-shi, Tokyo	38 million yen	Transportation	—	None	None	None	None

Trade name	Address	Paid-in capital/ equity investment	Business lines	Percentage of our voting rights	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (A)	Finance from the Company	Operating transactions	Lease transactions
AXIA-Logi Corporation (Note 7)	Hirakata-shi, Osaka	66 million yen	Transportation	—	None	None	None	None
San Family Corporation (Note 7)	Yoshikawa-shi, Saitama	99 million yen	Transportation	—	None	None	None	None
KAT Corporation (Note 7)	Hirakata-shi, Osaka	20 million yen	Transportation	—	None	None	None	None
Fresh Delica Network Corporation (Note 7)	Fuchu-shi, Tokyo	20 million yen	Transportation	49.0	Employees 3	None	None	Leases of parking lots
Hisamatsu Transport Corporation (Note 7)	Utazu-cho, Ayauta-gun, Kagawa	20 million yen	Transportation	—	None	None	None	None
PT Kiat Ananda Cold Storage (Note 7)	West Java, Indonesia	10.5 billion rupiah	Warehousing	—	None	None	None	None
PT Ananda Solusindo (Note 7)	West Java, Indonesia	91 billion rupiah	Warehousing	—	None	None	None	None
PT Manggala Kiat Ananda (Note 7)	Jakarta Indonesia	50.4 billion rupiah	Transportation	—	None	None	None	None
PT Trans Kontainer Solusindo (Note 7)	West Java, Indonesia	2 billion rupiah	Ship transportation	—	None	None	None	None

(Notes)
1. Kewpie Egg Corporation, Deria Foods Co., Ltd., BEIJING KEWPIE CO., LTD., Nantong Kewpie Corporation, Mosso Kewpie Poland Sp. z o.o., Kewpie China Corporation, and Guangzhou Kewpie Corporation are classified under Japanese tax law as *tokutei kogaisha*, a special category of subsidiary.
2. The figures in parentheses under "Percentage of our voting rights" indicate the proportion of indirect ownership and are included in the respective figures above.
3. The companies file their own annual securities report to the Commissioner of the Financial Services Agency.
4. Net sales of Kewpie Egg Corporation (excluding sales from intra-group transactions) exceed 10% of the Company's consolidated net sales.

   Major profit/loss information:
   (1) Net sales ¥101,187 million
   (2) Ordinary income ¥2,288 million
   (3) Profit ¥934 million
   (4) Total net assets ¥38,202 million
   (5) Total assets ¥50,215 million

   Net sales of Deria Foods Co., Ltd. (excluding sales from intra-group transactions) exceed 10% of the Company's consolidated net sales.

   Major profit/loss information:
   (1) Net sales ¥63,739 million
   (2) Ordinary income ¥2,583 million
   (3) Profit ¥2,036 million
   (4) Total net assets ¥6,270 million
   (5) Total assets ¥13,215 million

5. KEWPIE (THAILAND) CO., LTD., Aohata Corporation and TO AD KEWPIE CO., LTD. are treated as subsidiaries, even though the voting rights held by the Company as a percentage of total voting rights are 50% or less, in view of the substantial control exerted over their management.
6. In the "Percentage of our voting rights" column, the figures shown in square brackets indicate the percentage of voting rights of closely related persons or persons whose consents are obtained, which are excluded from the respective figures above.
7. The companies are consolidated subsidiaries of KRS.

(4) Other associated company

Trade name	Address	Paid-in capital/ equity investment	Business lines	Percentage of their voting rights (Note)	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (A)	Finance from the Company	Operating transactions	Lease transactions
NAKASHIMATO CO., LTD.	Shibuya-ku, Tokyo	50 million yen	Sale of various processed foods	16.7 (8.0)	D or A 2 Employee 1	None	Purchase of products, etc.	Leases of offices

(Note) The figure in parentheses under "Percentage of their voting rights" indicates the proportion of indirect ownership and is included in the respective figure above.

4. Employees

(1) The Company and its consolidated subsidiaries

(As of November 30, 2022)

Number of employees
10,696 (5,089)

(Note) The employee figure indicates registered regular employees and long-term special contract employees, excluding the Group employees dispatched outside the Group but including workers from outside employed within the Group on dispatch. The figure in parentheses indicates the annual average number of short-term contract non-regular employees and workers hired on a daily, weekly or seasonal basis, and is excluded from the figure above.

(2) The labor union

Formed on July 14, 1962, the Kewpie labor union is the main labor union of the Group.

The labor-management relations are stable and there are no matters that should be reported.

II. Business Operations

1. Management Policy, Business Environment, Tasks Ahead, Etc.

Forward-looking statements included in this section are based on the Group's judgment of information available as of the end of the current fiscal year.

(1) Basic policy of Company management

The Group aims to contribute to the food culture and health of the world through "great taste, empathy, and uniqueness", acting as a corporate group in the food sector which forms an essential part of human existence.

We seek healthy dietary lifestyles and aim to help create abundant food cultures by providing the world with the great taste and appeal of salads and eggs in the course of our simultaneously engaging in business and social initiatives. Meanwhile, our efforts are underpinned by the blessings of nature. We also promote sustainability of the global environment for future generations by effectively utilizing resources and earnestly preserving the environment, while helping give rise to a sustainable society.

The Group remains closely involved in various dietary settings encompassing people's lifetimes from their infancy through to old age, as it engages in widespread and extensive expansion into the home-cooked meals, ready-made foods, and restaurant sectors. Going forward, we value the Group's philosophy and every one of our executives and employees will remain continually aware of our aims that involve wholeheartedly providing selective products and services that only the Kewpie Group can provide, and putting such aims into practice.

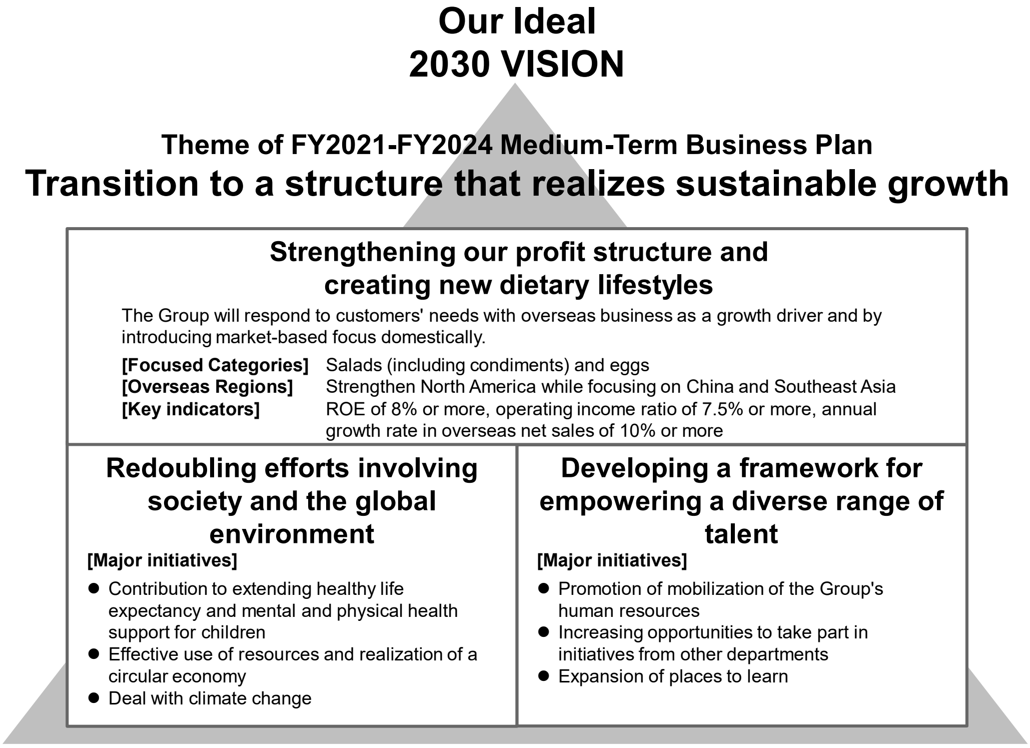
(2) Medium- to long-term business strategies, business environment, tasks ahead, etc.

The Group aims to be a group contributing to the food culture and health of the world through "great taste, empathy, and uniqueness" and has established the "Kewpie Group 2030 Vision" as its long-term vision.

In recent years, the family composition has been undergoing transformation amid new trends that include a declining birthrate in conjunction with an aging population, along with growing numbers of dual-income family and one-person households. Such changes have given rise to needs for time savings and convenience for cooking at home. We are also seeing expanding options for food purchase channels, including e-commerce and drugstores. Meanwhile, global proliferation of the COVID-19 pandemic has greatly affected the Group's business performance and has also given rise to new normal lifestyle amid further acceleration of such new trends. Among such lifestyle changes, people are increasingly rethinking the notion of cooking at home as they are spending more time in their residences; people pay attention for volume buying and product life of foods given lower frequency and less time for food shopping; and people's needs also change reflecting concerns on hygiene and health particularly preventing disease and developing immunity. These transformative changes now underway are likely to persist even after COVID-19 subsides.

Under our FY2021-FY2024 Medium-term Business Plan, we will deal with customer and market diversity. With the conceptual theme of "transition to a structure that realizes sustainable growth", we have drawn up three policies of "strengthening our profit structure and creating new dietary lifestyles", "redoubling efforts involving society and the global environment", and "developing a framework for empowering a diverse range of talent", and have carried out business activities based on these three policies. Under these management policies, we are able to swiftly take action aligned with respective markets as a result of having transitioned to a market-oriented business structure from the product-based business structure we have enlisted thus far.

[Management policies and key initiatives]



◇ Strengthening our profit structure and creating new dietary lifestyles

The Group will expand overseas business as a growth driver. In so doing, we will furthermore seek expansion into North America, while also focusing management resources particularly in China and Southeast Asia with the aim of strengthening our business foundations in areas that include human resources, product development, marketing and governance. Meanwhile, we will expand our marketing focus toward the upper-middle class demographic from the affluent demographic, which serves as the Group's current customer base. This initiative will involve achieving greater rates of brand recognition and product use by integrating traditional sales promotion campaigns at stores with promotions that utilize digital marketing. In China, our primary overseas market, we launched operations of our Guangzhou Plant in January 2021, as our fourth production site in China. Given that the Guangzhou Plant is equipped with state-of-the-art equipment and approaches, it is bound to deliver substantially greater productivity and will act as a foothold that makes it possible for us to facilitate expansion of marketing areas and demands.

In Japan, with the transformation to a market-oriented business structure, we will shift to a market-based focus, which will entail transforming to a customer-oriented perspective based on the market needs, and away from a product-oriented perspective. This will enable us to swiftly propose ideas for food products and services that address customer concerns about dietary lifestyles and create new dietary scenes. We will be more dedicated to salads and eggs, particularly to mayonnaise and salad dressings. We will furthermore utilize digital technologies as a means of connecting with our customers from various angles and opening up new possibilities.

In the Retail Market Business, we have been developing products that serve as daily necessities still in the changing lifestyles. We have been proposing uses of mayonnaise in serving as an all-purpose condiment that can be used in various cooking scenes beyond its traditional use with salads. In the realm of other core products, we will develop the notion of product versatility by strengthening our efforts to propose such items for use across a wide range of cooking scenes.

Moreover, we will take steps to enhance our brand and product recognitions as we supply products that bring solutions for customers.

In the Food Service Business, we will strive to increase profitability and efficiency by rebuilding our business portfolio, which will involve utilizing the Group's sales channels effectively and focusing management resources on business formats catering to home-cooked meals and ready-made foods. We will also help to activate the food service market by creating new value through great taste and technologies, and by proposing new options to cultivate potential customer needs.

◇ Redoubling efforts involving society and the global environment

Appreciating the blessings of nature, the Group has been engaged in environmental activities for many years with the idea of making the most of the world's precious resources. Amid the global-scale issues, including the risks from climate change, food loss, and marine plastic pollution, that are becoming obvious one after another, the Group aims to contribute to achieve a sustainable society and sustainable growth of the Group, and has established "Kewpie Group Basic Policy on Sustainability". At the same time, we have also been addressing material issues identified on the basis of the Sustainable Development Goals (SDGs).

We are working to enhance our corporate value by fulfilling our corporate responsibilities to society and the global environment, and striving through coordinated efforts across the entire value chain to deal with increasingly complex social issues.

The details of the Basic Policy on Sustainability are available on our website.

https://www.kewpie.com/en/sustainability/management/materiality/

<Sustainability targets>

Material Issues	Initiative Theme	Indicators	FY2024 Target	FY2030 Target	Related SDGs
Contributing to Food Culture and Health	Contribution to Extending Healthy Life Expectancy	As a food partner for every person: ・Contribute to achieving a vegetable intake target of 350 grams per day ・Promote a boost in egg consumption in order to contribute to increasing protein intake			
	Mental and Physical Health Support for Children	Number of children's smiles via our activities (cumulative since FY2019)	At least 400 thousand	At least 1 million	
Effective Use and Recycling of Resources	Elimination and Effective Utilization of Food Loss	Food waste reduction rate (compared to FY2015)	At least 50%	At least 65%	
		Effective utilization rate of unused portions of vegetables Main vegetables: Cabbage, etc.	At least 70%	At least 90%	
		Reduction rate in volume of product waste (compared to FY2015)	At least 60%	At least 70%	
	Reduction and Reuse of Plastic Emissions	Reduction rate in volume of plastic waste (compared to FY2018)	At least 8%	At least 30%	
	Sustainable Use of Water Resources	Water usage (basic unit) reduction rate (compared to FY2020)	At least 3%	At least 10%	
Deal with Climate Change	Reduction of CO_2 emissions	Reduction rate in CO_2 emissions (compared to FY2013)	At least 30%	At least 50%	
Conservation of Biodiversity	Conservation of Biodiversity	Promote the Kewpie Group Biodiversity Policy to conserve biodiversity and pass on the bounty of nature to future generations			
Sustainable Procurement	Promotion of Sustainable Procurement	Promote Fundamental Policy for Sustainable Procurement in cooperation with business partners			
Respect for Human Rights	Respect for Human Rights	Promote the Kewpie Group Human Rights Policy to respect the human rights of all people involved in our business			

Note: The "Food waste reduction rate" indicator also includes the "effective utilization rate of unused portions of vegetables".
Sustainability targets are domestic figures.
In FY2023, we added "conservation of biodiversity" as a new material issue.

◇ Developing a framework for empowering a diverse range of talent

The Group will develop a framework for empowering a diverse range of talent in order to foster motivated human resources who will be able to play an active role for our sustainable growth.

In the process of overseas expansion and the transformation to a market-oriented business structure, it is necessary to analyze things and events from a variety of viewpoints and to develop new business opportunities. In order to see the point of change in the market from a bird's-eye view, it is essential to develop human resources who are well versed in the market and have various background and skills. We will work to develop human resources that have diversified skills by further enhancing the mobilization of human resources within the Group.

Moreover, we will create a culture where we can acknowledge diversity and have a connection by actively participating in projects and meetings with other departments, and through internships within the Company and the Group.

Furthermore, we will build an environment where employees can acquire new experiences and knowledge, and demonstrate their own abilities by providing opportunities to learn while utilizing outside resources.

We have set targets for the proportion of women in management positions, as a key indicator regarding diversified use of human resources, to reach 18% in FY2024 and 30% in FY2030 (in Kewpie Corporation).

[Cash flow allocation and management indexes]

◇ Cash flow allocation

We will establish sound business foundations while adequately undertaking investment and providing returns to our shareholders with the aim of achieving sustainable growth.

In terms of cash flow allocation, we are targeting a cumulative amount of ¥140 billion in operating cash flow over four years, and essentially intend to keep operating cash flow within that range. We plan to make capital expenditure amounting to approximately ¥70 billion with a focus on efficiency of assets and investment. As for retained earnings, we will increase shareholder returns upon having secured funds for new expansion looking toward generating future growth, and accordingly aim to achieve an equity ratio of at least 60%.

◇ Management indexes

	FY2024 Targets
ROE	At least 8%
Operating income ratio	7.5%
Growth ratio in overseas net sales (Local currency basis)	(Annualized rate) At least 10%

(3) Impact of COVID-19

The spread of the novel coronavirus disease ("COVID-19") has caused changes in dietary lifestyles of people, which is not irrelevant to the Group's business performance. The Group is working on countermeasures and responses based on the three policies.

<Policy 1> Cooperate with national and local measures and lower risk of infection

The Group has been thoroughly implementing measures to prevent viral transmission upon having set up its Headquarters for COVID-19 for the purpose of taking action tailored to curbing risk of infection among all of its stakeholders, including employees and their families, customers, and business partners.

The Group has worked on to lower the infection risk through thorough implementation of basic infection countermeasures, remote work, flextime and staggered work hours. On top of these measures, we firmly established and expanded for even more new work style options by developing and enhancing online and mobile environments so that our employees can work at home or any other location. We are also making efforts to reduce employee stress and prevent their mental health problems (by setting up an employee consultation service and recommending exercises using video). We will strive to increase productivity by ensuring that these work style options are in place even after risk of infection has decreased.

<Policy 2> Fulfill our mission as a food manufacturer

Our mission is to continuously supply safe and reliable products to customers. While keeping a close eye on the COVID-19's impact on our business continuity, such as on raw material procurement, we have developed a system that can flexibly respond to changes in demand. We also offer cooking recipes and other content so that our customers, who are under stress due to restrictions on going out and other inconvenience, can enjoy their "home time".

<Policy 3> Contribute to society in the ways that only the Group can

As part of our social contribution, we provide our products to local communities, especially children, in a way unique to the Group through food.

We also make donations through the Kewpie Mirai Tamago Foundation to support activities including "Children's Cafeterias" which provide take-out meals for children and financially struggling families.

2. Operational Risks

Among the various factors relating to the business operations and financial information of the Group described in the Annual Securities Report that may exert a significant effect on the decisions of investors are shown in the list below.

The Group, recognizing the risks inherent in the Group's business, takes all reasonable measures to inhibit or avoid the occurrence of risks. To such ends, the risk management basic policy has set specific, systematic procedures for managing the Company's risk, under which each responsible unit exercises continuous oversight of each individual risk factor. The Management Committee, Risk Management Committee, and Sustainability Committee assume tasks that include sharing information, assessing risk, setting priorities, and engaging in countermeasures. In that regard, the Management Committee addresses major risks that could affect near-term financial results, the Risk Management Committee addresses Company-wide risks, and the Sustainability Committee addresses social and environmental risks, including those with respect to climate change. In addition, the director in charge of risk management regularly reports to the Board of Directors regarding matters that include policies and developments regarding Company-wide risk assessment and response.

Nevertheless, the Group's credibility, business performance and financial position may be substantially affected should an event occur such that is beyond the control of the Group. An overview of the risks involved is given in the list below, but this is not intended to be an exhaustive list of all risks attendant on the Group's business operations.

Forward-looking statements included in this section are based on the Group's judgment of information available as of the end of the current fiscal year.

Event	Risks	Measures to address risks
Market developments	The following are the main risks that may have a progressively greater impact on the Group's business over the long term. • Long-term market contraction due to decreasing population in Japan • Sales of mayonnaise and dressings adversely affected by vegetable price volatility	In Japan, we achieve sustainable growth by flexibly responding to the market through a dual system of the "Retail Market Business" and the "Food Service Business". We aim to create business opportunities by leveraging the Group's ability to expand its business into home-cooked meals, ready-made foods and restaurant sectors, expanding the possibilities of salads and eggs and contributing to the extension of healthy life expectancy. We are also promoting the cultivation of the market and demand by promptly proposing ideas for food products and services that address customer concerns about dietary lifestyles and create new dietary scenes. In addition to exploring untapped sales channels such as, in particular, drugstores with growth potential, we are carrying out initiatives in the D2C, or direct-to-consumer, market by strengthening our digital marketing capability. As for our overseas operations, we will focus on China, Southeast Asia, and North America, in which we will expand our marketing focus toward the middle class demographic from the affluent demographic, which is the Group's current customer base. We will also strengthen our digital communication and marketing functions to achieve greater rates of recognition and product use of "KEWPIE brand (*丘比, KEWPIE*)". We are investing our management resources intensively into areas that include human resources, product development, marketing and governance to achieve sustainable growth.

Event	Risks	Measures to address risks
Procurement of raw materials (main raw materials, energy and general raw materials)	• Procurement of vegetable oils have short-term and long-term risks of price volatility due to fluctuations in market prices of soybeans and rapeseed, foreign exchange rates, supply and demand, and other factors. • Procurement of shell eggs also have risks of price volatility and procurement difficulties caused by factors including sudden outbreaks of avian influenza, changes in the number of laying hens, and long-term trends in shell egg consumption. • Procurement of other raw materials used by the Group have risks of price volatility due to international economic trends, supply and demand balance, exchange rate fluctuations, geopolitical risks, and other factors. Moreover, if the initiatives geared to sustainable procurement based on social considerations are perceived as inadequate, its reputation may gradually diminish.	In order to reduce the impact of a spike in raw material prices, the Group has been working on initiatives such as revising product prices, adding value, improving production efficiency, and establishing a procurement system based on the Group collaboration. In addition, the Group is working to shift to a business structure that is less susceptible to the effects of market prices for main raw materials. As for procurement of shell eggs, we take steps that include arranging a combination of scheduled annual volume purchases with producers in respective regions with a focus on major egg producers, fixed-price contracts, and spot contract purchases on the open market. Moreover, we have also established a framework encompassing nationwide procurement and egg-breaking plants that provides coverage through plants in other regions should restrictions be placed on shipments amid an outbreak of avian influenza in some geographic areas. With regard to the cost increase due to the avian influenza outbreak since October 2022 and the decrease in profits due to production cutbacks, we are working to improve profitability by revising product prices and adding value to our products. From the perspective of medium- to long-term sustainability, we are working on the issue of animal welfare for egg-laying hens in cooperation with related industries and governments. For sustainable procurement based on social considerations, we have established the "Kewpie Group Fundamental Policy for Sustainable Procurement" and are working to examine not only the quality of raw materials but also their impact on the environment and human rights in the supply chain. To realize the Fundamental Policy for Sustainable Procurement, we have established the Kewpie Group Supplier Guidelines. With these guidelines, we aim to achieve sustainable procurement and shared prosperity with our suppliers by resolving issues in the supply chain based on mutual understanding.

Event	Risks	Measures to address risks
Product liability	As for incidents causing damage to the health of consumers, such as the insertion of foreign matter into products and false or mistaken indications on product labels, we always regard them as serious risks.	Insistence on the highest product quality has been our most fundamental concern since the Group was established. Accordingly, we rigorously and systematically enhance product quality assurance systems by acquiring Food Safety System Certification (FSSC 22000), engaging in trans-group quality monitoring, developing product quality assurance and traceability systems that make use of factory automation, self-monitoring, and constructing quality standard document control systems for procured ingredients focused on insistence on meeting our safety and hygiene standards. In addition, we place great importance on ensuring a high level of awareness and understanding regarding product quality among our employees. To this end, the Group helps employees acquire necessary knowledge and technology and instills them an insistence on the highest product quality by offering them training opportunities such as on-the-job training and training sessions. Accordingly, the Group takes appropriate measures to provide safe and high-quality products, which is the foundation of the persistent business development.
Natural disasters and other such contingencies	We expect the impact of natural disasters such as massive typhoons, floods caused by torrential and prolonged rains, and large-scale earthquakes to be even more significant. Specifically, we assume they could pose the following risks: • Damage to manufacturing and distribution facilities, equipment, etc. • Difficulties procuring raw materials and energy • Shortages of human resources necessary for operations	We are working on measures that entail establishing business continuity plans (BCP) to go into effect in the event of any crisis extending across the Group, leveraging our experience involving natural disasters. We have prepared manuals pertaining to respective disaster types in preparation for the potential occurrence of a crisis scenario. This has involved efforts that include developing frameworks for setting up operations in Kansai area that substitute for those of the Tokyo Head Office, establishing emergency communications networks and stockpiling supplies, reinforcing production and distribution facilities, developing systems for confirming available production capacity in the event of a contingency, and developing site redundancies in relation to our core products with respect to production, as well as the functions of raw material procurement and order acceptance. To ensure that such operations perform effectively, we also carry out large-scale disaster response training sessions (initial response training, product supply training, and safety verification training).

Event	Risks	Measures to address risks
System failure	In recent years, we have been facing the possibility that our business activities could be significantly affected by system disruptions caused by cyberattacks involving ransomware and other sophisticated means externally.	The Group maintains a system that applies multiple layers of security to safeguard against cyberattacks, which entails blocking unsolicited e-mail and unauthorized access, and implementing endpoint detection and response (EDR) systems that monitor information networks around the clock in the course of pinpointing behavior of suspicious computer code and preventing its execution. We also seek to develop literacy of our employees, which involves regularly conducting simulation-based training in responding to email attacks and offering education on information security. Such efforts also involve having the Information Promotion Committee disseminate relevant information to maintain a high level of information security awareness among our employees.
COVID-19	Our business activities have been impacted by the change in people's lifestyles due to factors such as the spread of the infection, and the resultant requests to refrain from going out. The infection of employees and the occurrence of clusters at our offices may affect our business activities.	The Group will improve its business efficiency by streamlining priority areas and product line-ups through selection and concentration, and by consolidating dispersed functions and businesses with potential value. In addition, we are developing site redundancies in relation to our core products with respect to production, as well as the functions of raw material procurement and order acceptance. We have been responding to COVID-19 since the early stages of its outbreak in accordance with the guidelines of the national and local governments. We have been implementing measures to lower the infection risk and prevent infection in the workplace in order to continue our business activities, while placing the highest priority on ensuring the safety of our employees and their families. Staff and sales divisions have been spearheading efforts drawing on our experience with work-style options for addressing the possibility of COVID-19 transmission in pursuing optimal post-corona work-style arrangements that enable us to further develop what we have learned and achieved thus far.

Event	Risks	Measures to address risks
Human resources and labor-related	Regarding human resources and labor, we always assume the following risks: • Insufficient human resources in terms of carrying out on-site work at manufacturing and distribution sites • Improper management of working hours, overwork • Harassment	The Group takes steps to secure and retain human resources that involve engaging in ongoing recruitment, upgrading employee education, developing optimal working environments. More specifically, we promote streamlined operations and labor savings, and make use of IoT technologies, robotic process automation (RPA), various types of robots and artificial intelligence. In addition, we will extend our range of employment in part by developing working environments that enable foreign nationals to work more effectively. We are taking steps to reduce our exposure to labor-related risk. This has involved developing workplace environments where employees are able to balance their careers and family life, thereby enabling every employee at all of our locations to work with peace of mind, actively using remote work, developing optimal work schedules and appropriately implementing labor controls pursuant to laws and regulations, providing thorough employee education on harassment prevention, and establishing an internal reporting system (helpline). In addition to these efforts, to foster motivated human resources who will be able to play an active role for our sustainable growth, the Group has developed a framework for empowering a diverse range of talent, while at the same time actively recruiting and appointing external human resources with high expertise.

Event	Risks	Measures to address risks
Overseas expansion	Regarding overseas expansion, we mainly assume the following risks: • Problems stemming from vulnerable business foundation • Information leakage due to inadequate information management • Damage to competitiveness and brand image caused by circulation of counterfeit goods • Geopolitical risks	Our overseas subsidiaries also implement on-site education and various training programs with the aim of instilling the Group's philosophy. We are also developing internal control systems to strengthen our business foundation. More specifically, this has entailed efforts that involve clarifying decision-making authority; establishing and operating various regulations and systems such that include rules on contracts and regulations management, as well as accounting and financial regulations, anti-bribery regulations, and personnel evaluation systems; adopting an internal reporting system; establishing business continuity plans (BCP); and implementing crisis management training sessions. We have also adopted rules on our handling and security of corporate information and important technical information, and are building a solid ICT network. We are taking countermeasures against counterfeit goods that involve eliminating from the market products that infringe on our trademark rights and misleading products of other companies, while also seeing to it that we do not confer the right to file for malicious trademarks. We examine the political and economic situation and trends in laws and regulations in the regions where our production sites are located, and consider and implement necessary measures for each area. We are also prepared for country risks arising from international situations in terms of dealing with tangible and intangible assets, diversifying raw material procurement risks, protecting intellectual property, and evacuating employees.

Event	Risks	Measures to address risks
Global environmental issues and climate change	Regarding global environmental issues and climate change, we mainly assume the following risks: • Difficulties in procuring raw materials and rising costs • Strengthening CO_2 emission regulation • Rising energy costs • Damage to production lines caused by torrential rainfall and flooding If the Group's efforts and responses to these sustainability issues are perceived as inadequate, its reputation may gradually diminish.	In the environment aspect, the Group has identified "Effective use and recycling of resources", "Deal with climate change", and "Conservation of biodiversity" as material issues regarding sustainability and the entire Group is working on them. Our efforts for the effective use and recycling of resources involve recycling of food such as converting egg shells and unused portions of vegetables (cabbage, etc.) such as cores and outer leaves of vegetables into fertilizer and animal feed. We are also working to reduce food loss (or reduce product waste) by extending best-before dates and expiration dates and elaborating the matching between demands and supplies. With regard to the reduction and reuse of plastics, we are making containers and packaging lighter and thinner, while cutting back on the amount of plastics used and wasted in our production activities. Furthermore, by working on research seeking alternative materials that have less of an impact on the environment, we are helping to reduce plastic consumption and contributing to the notion of a recycling-oriented society. To address the climate change, we are promoting the use of renewable energy by newly constructing solar power generation facilities in addition to improving efficiency in manufacturing processes and installing energy-saving equipment. In distribution, we are actively promoting the modal shift from long-haul trucks to railroad and ship transportation, joint collaboration on transportation with manufacturers from different industries, and improvement of loading efficiency. In our offices, we are working to optimize energy use. These initiatives help reduce CO_2 emissions. Furthermore, with regard to the conservation of biodiversity, we are, for example, working with corrugated and folding carton manufacturers to introduce FSC-certified lumber made from properly managed forest timber. The Kewpie Group's operations are highly dependent on the blessings of nature and are accordingly susceptible to various effects of climate change, including lower harvest yields, reduced quality of ingredients, and surging prices. We have been proceeding with initiatives that include flexibly adjusting prices, optimizing our product portfolio with the aim of shifting to a structure that is resilient to raw materials market volatility, and building a procurement framework by coordinating efforts of Group companies. We will address and respond to climate-change related events as management risks, while at the same time identifying new opportunities and incorporating them into our corporate strategies. We endorse the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and disclose information based on the TCFD's four-part framework consisting of governance, strategy, risk management, and metrics and targets. https://www.kewpie.com/en/sustainability/eco/warming/

3. Management Analysis of Financial Position, Operating Results and Cash Flows

(1) Overview of operating results, etc.

The overview of the Group's financial position, operating results and cash flows (the "operating results, etc.") for the current fiscal year is as follows:

A. Financial position and operating results

The current fiscal year has seen dramatic changes in the environment surrounding the business, such as rising international grain and energy prices and the rapid depreciation of the yen. In these circumstances, domestically we have taken steps that involve shifting to a resilient structure that is not susceptible to raw materials market volatility, while responding to diversifying demands of our customers utilizing a market-oriented business structure. Overseas, we sought further expansion particularly in the markets of China, Southeast Asia, and North America, which accordingly served as drivers of growth as we rapidly tap into local food culture of each of those markets.

Net sales of the current fiscal year increased thanks to sales growth overseas, and the recovery from last fiscal year's impact of the decrease in demand for restaurants in food service. Operating income decreased due to the impact of a spike in prices of main raw materials, energy and general raw materials, and an increase in selling, general and administrative expenses, despite higher sales and the effect of price revisions. Ordinary income and profit attributable to owners of parent decreased due to a decrease in operating income.

Our consolidated financial results for the current fiscal year were as follows:

(Millions of yen)

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)	Change (amount)	Change (ratio)
Net sales	407,039	430,304	23,265	5.7%
Operating income	27,972	25,433	(2,539)	(9.1)%
Ordinary income	29,698	27,249	(2,449)	(8.2)%
Profit attributable to owners of parent	18,014	16,033	(1,981)	(11.0)%

◇ Business overview by segment

[Breakdown of net sales]

(Millions of yen)

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)	Change (amount)	Change (ratio)
Retail Market	172,678	173,392	714	0.4%
Food Service	149,792	158,832	9,040	6.0%
Overseas	53,383	66,267	12,884	24.1%
Fruit Solutions	16,878	16,461	(417)	(2.5)%
Fine Chemicals	8,770	10,013	1,243	14.2%
Common Business Operations	5,536	5,335	(201)	(3.6)%
Total	407,039	430,304	23,265	5.7%

[Breakdown of operating income]

(Millions of yen)

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)	Change (amount)	Change (ratio)
Retail Market	17,195	13,433	(3,762)	(21.9)%
Food Service	6,292	6,923	631	10.0%
Overseas	7,229	8,471	1,242	17.2%
Fruit Solutions	719	315	(404)	(56.2)%
Fine Chemicals	1,075	1,267	192	17.9%
Common Business Operations	1,328	1,209	(119)	(9.0)%
Company-wide expenses	(5,868)	(6,187)	(319)	—
Total	27,972	25,433	(2,539)	(9.1)%

<Retail Market>

- Sales increased thanks to the effect of condiments price revisions and steady sales of delicatessen.
- Operating income decreased due to the impact of a spike in main raw material prices, etc.

<Food Service>

- Sales increased year on year thanks to recovery from lower demand for restaurants, which was influenced by the spread of COVID-19.
- Operating income increased thanks to the effect of price revision and growth in products with added values, despite the impact of a spike in main raw material prices, etc.

<Overseas>

- Sales increased amid strong performance in Southeast Asia and North America.
- Operating income increased thanks to higher sales, despite the impact of lockdown in China (Shanghai) and a spike in main raw material prices.

<Fruit Solutions>

- Both sales and operating income decreased due to a drawback in demand for home-cooked meals, despite price revisions and measures to stimulate demand for jams and spreads for household use.

<Fine Chemicals>

- Both sales and operating income increased year on year amid strong performance in sales of raw materials of hyaluronic acid and mail order sales.

<Common Business Operations>

- Both sales and operating income decreased year on year due to lower sales and other factors of manufacturing machinery for food manufacturers.

◇ Status of financial position

- Total assets increased by ¥22,381 million year on year to ¥403,384 million.

  This was mainly due to a ¥2,539 million increase in notes and accounts receivable – trade, a ¥2,590 million increase in purchased goods and products, a ¥3,132 million increase in raw materials and supplies, a ¥2,789 million increase in software, and a ¥7,528 million increase in assets for retirement benefits.
- Total liabilities decreased by ¥2,941 million year on year to ¥108,761 million.

  This was mainly due to a ¥5,036 million increase in notes and accounts payable – trade and a ¥8,533 million decrease in short-term loans payable.
- Total net assets increased by ¥25,322 million year on year to ¥294,623 million.

  This was mainly due to a ¥9,500 million increase in earned surplus, a ¥6,873 million increase in foreign currency translation adjustments, and a ¥4,993 million increase in accumulated adjustments for retirement benefits.

B. Status of cash flows

Cash and cash equivalents at the end of the current fiscal year amounted to ¥65,335 million, which represents a decrease of ¥1,367 million from the end of the previous fiscal year.

Status of cash flows is as follows:

Net cash provided by operating activities came to ¥27,199 million for the current fiscal year, compared with ¥38,533 million provided in the previous fiscal year. This was the result of profit before income taxes of ¥26,630 million, depreciation and amortization of ¥16,062 million, inventory increase of ¥5,949 million, and income taxes paid of ¥9,674 million.

Net cash used in investing activities amounted to ¥15,947 million, compared with ¥20,277 million used in the previous fiscal year. This was the result of purchases of tangible fixed assets of ¥12,482 million and purchases of intangible fixed assets of ¥4,323 million.

Net cash used in financing activities amounted to ¥16,812 million for the current fiscal year, compared with ¥18,701 million used in the previous fiscal year. This was the result of repayment of long-term loans payable of ¥10,301 million and cash dividends paid of ¥6,533 million.

Movements in the principal cash flow-related indicators of the Group, on a consolidated basis, are as follows.

	FY2018	FY2019	FY2020	FY2021	FY2022
Equity ratio (%)	53.9	53.0	52.8	64.5	66.4
Equity ratio based on market value (%)	93.9	78.3	68.5	84.2	84.3
Interest-bearing debt to cash flows ratio (year)	1.5	1.5	2.3	1.1	1.2
Interest coverage ratio (times)	122.5	144.7	103.7	159.0	110.6

(Definition)

Equity ratio = Shareholders' equity / Total assets

Equity ratio based on market value = Total market value of the stock / Total assets

Interest-bearing debt to cash flows ratio = Interest-bearing debt / Cash flows

Interest coverage ratio = Cash flows / Interest paid

(Notes)

1. Each index is calculated based on consolidated financial figures.
2. Total market value of the stock is calculated by multiplying the final market price by the number of issued shares at the end of fiscal year (excluding treasury stock).
3. Interest-bearing debt includes all consolidated balance sheet-reported liabilities on which interest is paid.
4. Cash flows and Interest paid are the same figures as found under "Net cash provided by (used in) operating activities" and "Interest paid" reported in the Consolidated Statements of Cash Flows, respectively.

5. In the fiscal year ended November 30, 2021, the Company finalized the provisional accounting treatment for business combinations. Accordingly, each figure pertaining to the fiscal year ended November 30, 2020 reflects the finalization of the provisional accounting treatment.

(2) Analysis and discussions of the status of the operating results, etc. from the viewpoint of management

The contents of analysis and discussions of the status of the Group's operating results, etc., from the viewpoint of management are as follows. Forward-looking statements included in this section are based on information available as of the end of the current fiscal year.

A. Summary of significant accounting policies and estimates

The consolidated financial statements of the Group have been prepared in accordance with generally accepted accounting principles in Japan, and necessarily include amounts based on estimates, judgements and assumptions by management regarding period-end balances of assets and liabilities, as well as income and expenses for the reporting period. The Group has continuously estimated, judged and assumed based on a number of factors that are considered to be reasonable under the past business results and surrounding conditions. Because of uncertainty unique to estimates, actual results could differ from these estimates.

The significant accounting policies adopted for the consolidated financial statements are described in "V. Financial Information". We consider the following significant accounting policies to have a material effect on our significant judgements and estimates.

a) Impairment losses on fixed assets

For fixed assets owned, each management accounting unit, on which revenue and expenditure are continuously monitored such as company, business, offices, is, in principle, classified as one asset-grouping unit. The Group identifies indicators of impairment by asset group. The future cash flows used to determine whether an impairment loss should be recognized and the value in use are calculated with reasonable assumptions based on information about external factors such as the business environment and internal information used by the Group.

If an estimated amount deviates from actual value due to future changes in the market environment, an impairment loss may be incurred.

Details regarding the impact of the spread of COVID-19 are given in "V. Financial Information, Consolidated Financial Statements, (1) Consolidated financial statements, Notes, Significant accounting estimates".

b) Allowances for doubtful accounts

To provide for a possible bad-debt loss, the Group provides the expected uncollectible amount as allowances for doubtful accounts. The said amount is calculated by using credit-loss prediction ratios based on historical data for general accounts receivable, and by reference to the individual collectability for special receivables, such as those in danger of being uncollectible. If our customers' ability to pay falls due to financial deterioration in the future, larger allowance or bad-debt loss will be recognized.

c) Impairment losses on investment securities

Investment securities other than stocks, etc. without market value are stated at fair value, while stocks, etc. without market value are stated at cost. The Group recognizes impairment losses on the investment securities based on reasonable criteria as those securities other than stocks, etc. without market value are exposed to the risk of price fluctuation of the stock market and stocks, etc. without market value are exposed to the possibility of deterioration of the business performance of companies in which the Group has invested.

Because of the above criteria, posting of additional impairment losses would be necessary if fall in market or deterioration of the Group's investment destination cause further losses or defaults to occur in the future.

d) Deferred tax assets

Deferred tax assets are reported in the amount deemed collectible based on reasonable assessment of future taxable income and consideration of the collectability. Changes in estimated collectible amounts, however, could have an effect on earnings due to reversal of or additional provision to deferred tax assets.

B. Perception, analysis and discussions of the status of the operating results, etc. for the current fiscal year

a) Analysis of financial position and operating results

Details regarding analysis of the Group's financial position and operating results for the current fiscal year is given in "3. Management Analysis of Financial Position, Operating Results and Cash Flows, (1) Overview of operating results, etc., A. Financial position and operating results".

b) Sources of cash and liquidity

(i) Cash flow analysis

Details regarding overview of the Group's cash flows during the current fiscal year is given in "3. Management Analysis of Financial Position, Operating Results and Cash Flows, (1) Overview of operating results, etc., B. Status of cash flows".

(ii) Demand for funds

The Group strives to procure financing and ensure liquidity in order to meet demand for funds particularly for capital investment, business investment, debt repayment and working capital, with the aim of further increasing corporate value.

(iii) Procurement of funds

The Group appropriates necessary funds by means of internal financing, and otherwise arranges financing through bank borrowings and corporate bond issuance when faced with a shortfall of funds.

(iv) Liquidity of funds

The Group arranges overdraft facilities with multiple financial institutions. In addition, the Group centrally manages surplus funds of the Company and the Group's domestic consolidated subsidiaries, and has accordingly adopted a cash management system with the aim of enhancing funding efficiency and reducing financing costs.

c) Progress made in achieving target management indexes

The Group developed a Medium-term Business Plan that covers the four years starting from FY2021. Under the Plan, the Group has set the following targets to be achieved in the plan's final fiscal year ending November 30, 2024: return on equity (ROE) of at least 8%, operating income ratio of 7.5%, and annualized growth ratio in overseas net sales (on a local currency basis) of at least 10%.

In the current fiscal year, which is the second fiscal year of the Medium-term Business Plan, return on equity (ROE) was 6.2%, operating income ratio was 5.9%, and growth ratio in overseas net sales (on a local currency basis) was 10% higher than the previous year.

◇ Management indexes

	FY2022	FY2024 Targets
ROE (Return on equity)	6.2%	At least 8%
Operating income ratio	5.9%	7.5%
Growth ratio in overseas net sales (Local currency basis)	(Year to Year) 10%	(Annualized rate) At least 10%

4. Material Contracts

There are no material contracts to report for the reporting period.

5. Research and Development

In seeking to bring healthy and enjoyable diets and lifestyle to our customers around the world, the Group engages in research and development across fields of study that mainly focus on human health, the wellbeing of our planet, and creating diets and lifestyles of the future. We aim to achieve the "Kewpie Group 2030 Vision" and the creation of the future beyond it, based on the core technologies we have cultivated in various fields including mayonnaise and dressings.

We aim to extend healthy life expectancy by proposing healthy dietary lifestyles centered on salads and eggs. As part of this activity, we have found that eating a vegetable salad before carbohydrates at mealtime can reduce the rise in blood glucose levels after meals. The Group is working with the motto of "*Salad First*", prioritizing salads as a dish that makes vegetables palatable and enjoyable, and people naturally drawn to eating vegetables. Building on the aforementioned performance, we promoted a dietary habit of eating from salads as a major "*Salad First*" initiative throughout the company, bringing food and health together to enhance the value of salads. In addition, the COI-NEXT project (JST: Japan Science and Technology Agency) has adopted our joint research with Hiroshima University started in 2013 on "allergen-reduced eggs" in which allergy-causing proteins have been removed. We are progressing in stages from basic to applied research as we undertake research for practical application in pursuit of broadening the range of food choices. For the global environment, four food companies (Mizkan Co., Ltd., KIKKOMAN CORPORATION, The Nisshin OilliO Group, Ltd., and Kewpie Corporation) conducted joint research on the safety evaluation of recycled PET bottles for condiments and vegetable oils, and published the results in a paper. The results of this research will lead to the promotion of resource recycling in the condiments and cooking oils industry as a whole, since mechanically recycled PET bottles can be applied to almost all liquid condiments and vegetable oil containers.

We have launched *Qummy®*, a new D2C service that delivers products and information for enjoying a wide variety of vegetable dishes. The service's exclusive products included dressings, soups, and delicatessen salads produced with the *High Pressure Processing®*, our own unique technology. In addition, an increasing number of people are choosing plant-based foods due to growing health consciousness and consideration for the global environment. To cater to these needs, we launched the plant-based food *HOBOTAMA* for use in the food service market in the previous fiscal year, and have now made it available for the retail market as well.

For development of production technology, we utilize and deploy the abundant core technologies we have built up and continue to work to efficiently produce products with an emphasis on quality. Moreover, we also extensively promote development of production environments that will raise the Group's production efficiency and enhance its quality assurance systems in partnership with third-parties looking toward simulation technologies as a new technology that achieve designs that do not cause rework, and also looking toward automating labor-intensive processes.

Total research and development expenses for the Group for the current fiscal year amounted to ¥3,912 million.

The following is a summary of the research and development activities by the reporting segments.

(1) Retail Market

In the Retail Market Business, we develop new products and also improve our existing products, which enables us to make proposals with respect to further enhancing palatability and functionality of such products and expanding applications involving such products. We have improved *Kewpie Half*, which has led the market for 30 consecutive years with the No. 1 share among health oriented mayonnaise-type condiments. We have improved the richness of the egg, which is the key to the product's superior taste, while promoting its characteristics that make it difficult for liquids to separate even when mixed with vegetables. In the area of dressings, *Kewpie Deep-roasted Sesame Dressing*, which has been increasingly used for more than just salads in recent years, has been launched in a new 600 ml volume for generous use in order to further promote its versatile use as a general-purpose condiment. In the category of baby foods, we launched a new series of microwavable pouches, *Microwavable Happy Recipes*, which can be heated in a microwave as it is and even used as a bowl. Quick preparation and clean-up help create time to enjoy meals with the baby and time to interact with the baby after eating.

Delia Foods Co., Ltd. has made academic presentations on the taste and production method of potato salad at the Japanese Society for Food Science and Technology and the Japan Society of Cookery Science, among others. We will continue our efforts to expand the market and increase the value of potato salad through proactive technical publicity.

Salad Club, Inc. has launched *Cabbage for Stir-Frying*, a cut vegetable for cooking, in order to convey the appeal of cabbage in a variety of application other than salads, amid the increasing consumer appetite for purchasing cabbage and increasing number of usage scenarios. This product is one of the longest-lasting in the industry, with a seven-day expiration period, achieved by applying the freshness retention technology of shredded cabbage. In addition to eliminating the time and effort required for cooking, we will cater to customer demands for reducing food waste and maintaining health through vegetable intake.

We will further refine the technologies we have so far cultivated and provide products and services that deliver new value to our customers' increasingly diverse dietary needs.

(2) Food Service

In the Food Service Business, we are engaging in development for proposing palatability and functionality originating from distinctiveness. In the category of mayonnaise, we improved taste and relaunched *Kewpie Half*, for which demand has been growing as consumers have become more health-conscious. In addition, we launched *New Taste Mayo*, which is made with a lower amount of oil but with a robust umami and sweet taste. In the category of dressings, to pursue further ease of use in cooking, we added a new volume to Kewpie *Paysanne Salad Dressing*, which has been well received as a new approach to salad. We are also adding more products that cater to the different types of business by expanding our lineup of products for delicatessen and bakery products, such as *Kewpie Gudakusan Filling Tomato and Onion*, which adds flavor and color with many ingredients, and *Asian Table Luroufan Ingredients (Taiwanese-style Pork in Soy Sauce)*, which makes it easy to enjoy authentic Asian dishes. In the category of eggs, to cater to the growing delicatessen market, we launched *Snowman Eggs for Rice Bowl Dishes (Dashi Flavor)*, which features a dashi flavor that brings out the best of the ingredients and a color that looks great on the sales floor. Just defrosting and pouring it over the rice gives it the appearance of a bowl of rice topped with cooked beaten eggs, eliminating the need for the customer to go through the hassle of preparation.

Kewpie Jyozo Co., Ltd. has launched *Riche Fermenter* red wine vinegar, which uses Japanese wine as its main ingredient, as a premium vinegar with the goal of becoming the vinegar of choice at top restaurants.

We will create new food trends from use in the food service market by exploring the potential issues of our customers and proposing solutions to them through superior taste and technology.

(3) Overseas

Overseas, we focused on the development of our global strategic product, deep-roasted sesame dressing. In order to localize global strategic products and increase sales of branded products, we designed a deep-roasted sesame dressing with added values such as MSG-free, gluten-free, and free of animal ingredients to meet the tastes of European customers, and started production at Mosso Kewpie Poland Sp. z o.o. The local production of deep-roasted sesame dressing and Kewpie mayonnaise, which were previously shipped from the West Coast of the United States to Europe, will also help reduce transportation energy and CO2 emissions. In Vietnam, we developed *Dressing Roasted Sesame Wasabi & Seaweed Taste* and launched it as a product that expands the application of deep-roasted sesame dressing and stimulate local needs. We are developing a deep-roasted sesame dressing exclusively for the rapidly developing e-commerce market in China, taking into consideration affordable price and volume to increase the use of dressings in China. In a market where many competing and counterfeit products are emerging, we continued our efforts to popularize the brand by promoting its superior taste and sharing information on its health benefits.

We will create a healthy food culture adapted to each country by refining our global strategic products to suit the food culture of each area and communicating the taste and appeal of salads and eggs to customers around the world.

(4) Fruit Solutions

In the Fruit Solutions Business, we value "great taste", "enjoyability", and "empathy". In order to make people around the world happy with fruits based on these values, we are working on research and development from various angles, including "aroma", "color", "nutritional function", and "texture", to enhance the value of our brands. *Aohata Fully Fruit*, which is celebrating the 10th anniversary of its launch, has been revised in terms of formulation and manufacturing methods to enhance the taste of fruits and reduce the environmental impact of the product by reducing the bottle weight. In addition, three new *Aohata Spoon Free* products, a new series of fruit spreads in bottled containers designed for quick and easy use, are being introduced to improve customer convenience and to offer a wider range of food application scenarios. In addition to jams and spreads, *Aohata Hitokuchi Cranberries* has been newly added to the *Aohata Hitokuchi* series of processed fruit products, which can be a quick and casual bite-size snack for refreshment wherever you are, to support mental and physical health through the consumption of fruit.

By creating processed fruit products unique to our company and continuing to share information on the health value of fruits, we will support people's mental and physical health and contribute to their happiness around the world.

(5) Fine Chemicals

In the Fine Chemicals Business, we have been engaging in research and product development with respect to maximizing the potential of our original performance ingredients, mainly hyaluronic acid and egg components.

In the hyaluronic acid pharmaceuticals sector, we have established a production and sales system for highly polymerized fermented hyaluronic acid for use in medical devices, and have begun supplying it. In a human oral intake test, the acetic acid bacteria made of proprietary ingredients was shown to increase secretory immunoglobulin A antibodies (secretory IgA) in saliva, and to decrease various cold symptoms such as nasal discharge, coughing, and fatigue.

As a mail-order-only product utilizing proprietary ingredients, *YOITOKI One* alcohol-consumption care supplement containing acetic acid bacterial enzyme, was launched in small, affordable packages for seven days, and its sales have been steadily increasing. In addition, we launched a new food with function claims, *Relare*, which contains apocynum venetum leaf extract to help improve the quality of sleep.

We will continue to contribute to beauty and health across the globe through our efforts to solve our customers' potential problems by utilizing our unique functional ingredients.

(6) Common Business Operations

Not applicable.

III. Facilities and Equipment

1. Investments in Facilities and Equipment

As a result of continuous investments to augment, upgrade and streamline facilities, the Group invested a total of ¥17,227 million in facilities and equipment during the current fiscal year. These investments were part of the Company's efforts to preserve the environment and were made for the purpose of innovating core systems, improving product safety, reducing production costs, and developing products that meet customers' needs.

Investments in facilities and equipment by segments were as follows:

Segment	Amount of capital investment (millions of yen)	Main contents
Retail Market	5,656	Production lines of condiments, salads and delicatessen foods and others
Food Service	5,050	Production lines of condiments and egg products and others
Overseas	2,288	Production lines of condiments and others
Fruit Solutions	286	Production lines of jams and fruit processed foods and others
Fine Chemicals	240	Production lines of hyaluronic acid and others
Common Business Operations	659	Software and others
Other	3,046	Kewpie Group core systems and others

(Notes) 1. The amounts of capital investment include investment in intangible fixed assets and long-term prepaid expenses.
2. The amount stated for "Other" is that of investment in Kewpie Group core systems prior to being allocated to the reporting segments.

There were no sales or removals of facilities and equipment that have a significant impact on production capacity.

2. Principal Facilities and Equipment

Investments in facilities and equipment, and the number of employees working at each site as of November 30, 2022 are as follows:

(1) The Company

Site	Segment	Facilities and equipment	Book value (millions of yen)						Number of employees
			Buildings and structures	Machinery, equipment and vehicles	Land (m²)	Lease assets	Other	Total	
Hashikami Factory (Hashikami-cho, Sannohe-gun, Aomori)	Retail Market Food Service	For foods	507	742	553 (46,365)	—	27	1,830	1 (—)
Goka Factory (Goka-machi, Sashima-gun, Ibaraki)	Retail Market Food Service Fine Chemicals	For foods	6,389	3,205	3,791 (241,431)	90	75	13,552	305 (118)
Nakagawara Factory (Fuchu-shi, Tokyo)	Retail Market Food Service Overseas	For foods	4,350	1800	405 (43,484)	5	52	6,614	161 (96)
Koromo Factory (Toyota-shi, Aichi)	Retail Market Food Service	For foods	1,069	872	16 (37,876)	8	14	1,982	103 (99)
Kobe Factory (Higashinada-ku, Kobe-shi, Hyogo)	Retail Market Food Service Overseas	For foods	6,567	4,598	1,601 (16,776)	8	99	12,874	115 (20)
Izumisano Factory (Izumisano-shi, Osaka)	Retail Market Food Service Overseas	For foods	1,359	1,447	663 (18,576)	12	19	3,502	93 (52)
Tosu Factory (Tosu-shi, Saga)	Retail Market Food Service Overseas	For foods	2,180	909	363 (53,958)	2	13	3,469	1 (—)
Head Office (Shibuya-ku, Tokyo)	—	For others	586	0	— (—)	58	92	738	746 (94)
Complex of facilities (Chofu-shi, Tokyo)	—	For others	5,421	101	138 (16,510)	21	227	5,909	253 (13)
Complex of facilities (Itami-shi, Hyogo)	—	For others	7,491	442	2,337 (37,919)	5	99	10,376	— (—)
Tokyo Branch and other 8 branches and 14 sales offices	—	For others	65	—	— (—)	—	19	84	630 (46)
Kansai SLC (Higashinada-ku, Kobe-shi, Hyogo)	Common Business Operations	For warehousing and distribution system	3,170	321	6,075 (47,252)	—	3	9,571	— (—)

(2) Domestic subsidiaries

Trade name	Site	Segment	Facilities and equipment	Book value (millions of yen)						Number of employees
				Buildings and structures	Machinery, equipment and vehicles	Land (m^2)	Lease assets	Other	Total	
Kewpie Egg Corporation	Head Office, Factory, Sales Office, etc. (Chofu-shi, Tokyo, etc.)	Food Service	For foods	5,653	10,458	5,012 (127,048)	444	200	21,769	1,875 (465)
Deria Foods Co., Ltd.	Head Office, Branch, etc. (Chofu-shi, Tokyo, etc.)	Retail Market	For foods	2,157	18	217 (13,790)	12	12	2,418	206 (71)
Kewpie Jyozo Co., Ltd.	Head Office and Factory (Chofu-shi, Tokyo, etc.)	Food Service	For foods	1,049	931	2,163 (69,749)	25	65	4,235	184 (103)
Co-op Foods Co., Ltd.	Head Office and Factory (Chofu-shi, Tokyo, etc.)	Food Service	For foods	872	1,246	108 (36,990)	—	11	2,239	108 (65)
Zen-noh Kewpie Egg-station Co., Ltd.	Head Office and Factory (Goka-machi, Sashima-gun, Ibaraki, etc.)	Food Service	For foods	769	765	405 (10,287)	—	10	1,950	231 (52)
Dispen Pak Japan Co., Inc.	Head Office and Factory (Minami-Ashigara-shi, Kanagawa, etc.)	Retail Market	For foods	281	811	836 (7,697)	—	20	1,949	119 (92)
Potato Delica Co., Ltd.	Head Office, Factory, etc. (Azumino-shi, Nagano, etc.)	Retail Market	For foods	969	811	487 (28,825)	88	13	2,371	96 (199)
Seto Delica Co., Ltd.	Head Office and Factory (Seto-shi, Aichi)	Retail Market	For foods	195	157	— (—)	704	7	1,066	65 (172)
Salad Club, Inc.	Head Office, Factory, Branch, etc. (Chofu-shi, Tokyo, etc.)	Retail Market	For foods	1,692	1,512	117 (9,782)	2	33	3,358	332 (642)
Shunsai Deli Co., Ltd.	Head Office and Office (Akishima-shi, Tokyo, etc.)	Retail Market	For foods	580	806	200 (4,761)	—	51	1,639	211 (541)
Aohata Corporation	Head Office, Factory, Sales Office, etc. (Takehara-shi, Hiroshima, etc.)	Fruit Solutions	For foods	1,456	1,902	1,316 (67,378)	—	79	4,753	448 (208)
Tsukuba Egg Processing Corporation	Head Office and Factory (Tsukuba-shi, Ibaraki)	Food Service	For foods	1	21	— (—)	1,585	2	1,611	19 (—)

(3) Foreign subsidiaries

Trade name	Site	Segment	Facilities and equipment	Book value (millions of yen)						Number of employees
				Buildings and structures	Machinery, equipment and vehicles	Land (m²)	Lease assets	Other	Total	
Q&B FOODS, INC.	California, USA	Overseas	For foods	102	857	118 (12,950)	—	15	1,093	137 (90)
Hangzhou Kewpie Corporation	Zhejiang Province, China	Overseas	For foods	552	1,420	— (—)	67	60	2,101	605 (—)
BEIJING KEWPIE CO., LTD.	Beijing, China	Overseas	For foods	739	1,483	— (—)	107	53	2,383	671 (—)
KEWPIE (THAILAND) CO., LTD.	Bangkok, Thailand	Overseas	For foods	415	703	152 (104,396)	51	463	1,787	1,081 (45)
PT KEWPIE INDONESIA	West Java, Indonesia	Overseas	For foods	443	95	393 (25,902)	48	20	1,001	116 (39)
Nantong Kewpie Corporation	Jiangsu Province, China	Overseas	For foods	1,314	586	— (—)	—	20	1,921	119 (—)
Guangzhou Kewpie Corporation	Guangdong Province, China	Overseas	For foods	2,079	1,651	— (—)	—	29	3,761	52 (—)

(Notes regarding above-mentioned (1) The Company, (2) Domestic subsidiaries and (3) Foreign subsidiaries)

1. "Other" listed under Book value includes tools, furniture and fixtures (construction in progress is excluded).
2. Under Number of employees, the figures in parentheses indicate the number of temporary employees.

IV. The Company

1. Shares

(1) Number of authorized and issued shares

a) Authorized shares

Class	Number of authorized shares
Common stock	500,000,000
Total	500,000,000

b) Issued shares

Class	Number of issued shares		Stock exchange	Remarks
	End of period (Nov. 30, 2022)	Filing date Feb. 24, 2023		
Common stock	141,500,000	141,500,000	Tokyo Stock Exchange (Prime Market)	• Ordinary shares of the Company with no restrictions on shareholders' rights • Number of shares per unit: 100
Total	141,500,000	141,500,000	—	—

(2) Stock acquisition rights

a) Stock options

Not applicable.

b) Rights plan

Not applicable.

c) Other information about stock acquisition rights

Not applicable.

(3) Exercise of bonds with stock acquisition rights containing a clause for exercise price revision

Not applicable.

(4) Principal shareholders

(As of November 30, 2022)

Trade name	Address	Number of the Company's shares held (A) (thousands)	Ratio of (A) to the total number of issued shares (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	16,398	11.80
NAKASHIMATO CO., LTD.	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	12,071	8.68
TOHKA CO., LTD.	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	11,122	8.00
Custody Bank of Japan, Ltd. (Trust account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	6,876	4.95
Kieikai Research Foundation	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	4,251	3.06
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	3,208	2.31
Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trusts, Mizuho Bank Ltd. Account, Re-trust Trustee, Custody Bank of Japan, Ltd.	8-12, Harumi 1-chome, Chuo-ku, Tokyo	3,157	2.27
Nippon Life Insurance Company (standing proxy: The Master Trust Bank of Japan, Ltd.)	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo (11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo)	3,039	2.19
The Dai-ichi Life Insurance Company, Limited (standing proxy: Custody Bank of Japan, Ltd.)	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo (8-12, Harumi 1-chome, Chuo-ku, Tokyo)	3,012	2.17
Nakato Scholarship Foundation	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	2,494	1.79
Total	—	65,631	47.21

(Notes)
1. The 3,157 thousand shares held by Mizuho Trust & Banking Co., Ltd.–Retirement Benefit Trusts, Mizuho Bank Ltd. Account, Re-trust Trustee, Custody Bank of Japan, Ltd. are the trust assets entrusted by Mizuho Bank for its retirement benefit trust.
2. The Company holds 2,495,894 shares of treasury stock.
3. The ratio of number of the Company's shares held is calculated excluding the treasury stock.
4. NAKASHIMATO CO., LTD. which was a major shareholder at the end of the previous fiscal year, is no longer a major shareholder as of the end of the current fiscal year.
5. The change report on large-volume holdings offered for public inspection on September 22, 2021 notes that Sumitomo Mitsui Trust Bank, Limited and other holders jointly held shares as of September 15, 2021 as follows. As the Company cannot confirm the beneficial ownership or number of shares held by Sumitomo Mitsui Trust Bank, Limited and other holders as of November 30, 2022, they are not considered in the above table.
   The details of the change report on large-volume holdings are as follows:

Trade name	Address	Number of the Company's shares held (A) (thousands)	Ratio of (A) to the total number of issued shares (%)
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	3,073	2.17
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1, Shiba-koen 1-chome, Minato-ku, Tokyo	3,897	2.75
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	1,974	1.40
Total	—	8,944	6.32

6. The change report on large-volume holdings offered for public inspection on October 22, 2021 notes that SMBC Nikko Securities Inc. and other holders jointly held shares as of October 15, 2021 as follows. As the Company cannot confirm the beneficial ownership or number of shares held by SMBC Nikko Securities Inc. and other holders as of November 30, 2022, they are not considered in the above table.
   The details of the change report on large-volume holdings are as follows:

Trade name	Address	Number of the Company's shares held (A) (thousands)	Ratio of (A) to the total number of issued shares (%)
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	3,208	2.27
Sumitomo Mitsui DS Asset Management Company, Limited	17-1, Toranomon 1-chome, Minato-ku, Tokyo	1,599	1.13
Total	—	4,807	3.40

7. The change report on large-volume holdings offered for public inspection on November 1, 2021 notes that Mitsubishi UFJ Financial Group, Inc. and other holders jointly held shares as of October 25, 2021 as follows. As the Company cannot confirm the beneficial ownership or number of shares held by Mitsubishi UFJ Financial Group, Inc. and other holders as of November 30, 2022, they are not considered in the above table.
The details of the change report on large-volume holdings are as follows:

Trade name	Address	Number of the Company's shares held (A) (thousands)	Ratio of (A) to the total number of issued shares (%)
MUFG Bank, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	998	0.71
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	4,728	3.34
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	817	0.58
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	9-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	348	0.25
Total	—	6,892	4.87

8. The change report on large-volume holdings offered for public inspection on June 22, 2022 notes that Mizuho Bank, Ltd. and other holders jointly held shares as of June 15, 2022 as follows. As the Company cannot confirm the beneficial ownership or number of shares held by Mizuho Bank, Ltd. and other holders as of November 30, 2022, they are not considered in the above table.
The details of the change report on large-volume holdings are as follows:

Trade name	Address	Number of the Company's shares held (A) (thousands)	Ratio of (A) to the total number of issued shares (%)
Mizuho Bank, Ltd.	5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo	3,159	2.23
Asset Management One Co., Ltd.	8-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	2,630	1.86
Total	—	5,790	4.09

2. Acquisition of the Company's Treasury Stock

[Types of shares repurchased]

Shares of common stock repurchased as defined by Article 155, Item 7 of the Companies Act

(1) Purchase of treasury stock based on a resolution by the General Meeting of Shareholders

Not applicable.

(2) Purchase of treasury stock based on a resolution by the Board of Directors

Not applicable.

(3) Purchase of treasury stock not based on a resolution by the General Meeting of Shareholders or the Board of Directors

Shares of common stock repurchased in accordance with the provisions of Article 155, Item 7 of the Companies Act

Item	Number of shares	Total price (yen)
Shares repurchased during the current fiscal year	804	1,895,847
Shares repurchased during the specified period	125	292,306

(Note) "Shares repurchased during the specified period" does not include shares resulting from the purchase of treasury stock less than one unit between February 1, 2023 and the document filing date of the Annual Securities Report.

(4) Disposal of repurchased shares and balance of treasury stock

Item	Current fiscal year		Specified period	
	Number of shares	Total disposal value (yen)	Number of shares	Total disposal value (yen)
Number of shares repurchased via solicitation	—	—	—	—
Number of repurchased shares retired	—	—	—	—
Repurchased shares transferred via a merger, share exchange, share issuance or division of the company	—	—	—	—
Other	—	—	—	—
Balance of treasury stock held	2,495,894	—	2,496,019	—

(Note) "Balance of treasury stock held" in "Specified period" does not include shares resulting from the purchase of treasury stock less than one unit between February 1, 2023 and the document filing date of the Annual Securities Report.

3. Dividend Policy

The Company maintains a basic policy of providing returns to its shareholders with top priority on dividend payments, and provides returns to shareholders based on the policy set forth in each Medium-term Business Plan. While aiming to continue providing stable dividends, the Company also reviews options for repurchasing and retiring treasury stock as necessary, giving consideration to factors such as stock price trends and financial conditions.

As for internal reserves, the Company endeavors to adequately secure them to strengthen its financial position and provide an adequate supply of funds for future expansion. The Company will take a medium- to long-term view and continue to allocate funds to the improvement of its facilities and equipment, research and development, and the further streamlining of operations in order to enhance its competitiveness. The Articles of Incorporation of the Company stipulate that the Company can pay dividends from surplus twice a year, comprised of interim and year-end dividends, based on the resolution by the Board of Directors in accordance with the provisions of Article 459, Paragraph 1 and Article 454, Paragraph 5 of the Companies Act.

In determining dividends under the Medium-term Business Plan through FY2024, with the assumption that the annual dividend per share would be ¥45 or more, the Company aims to set a target for the consolidated dividend payout ratio of 35% or more and accumulated total return ratio over four fiscal years of 50% or more.

For the fiscal year ended November 30, 2022, the Company decided to distribute an annual dividend of ¥47 per share, consisting of an interim dividend of ¥20 and a year-end dividend of ¥27, with a consolidated dividend payout ratio of 40.7%.

4. Corporate Governance

(1) Overview of corporate governance

(a) Basic policy regarding corporate governance

The Kewpie Group regards corporate governance as key management infrastructure for achieving sustainable growth of the Group and enhancing corporate value while realizing the Group's Ideal of "Contributing to the food culture and health of the world".

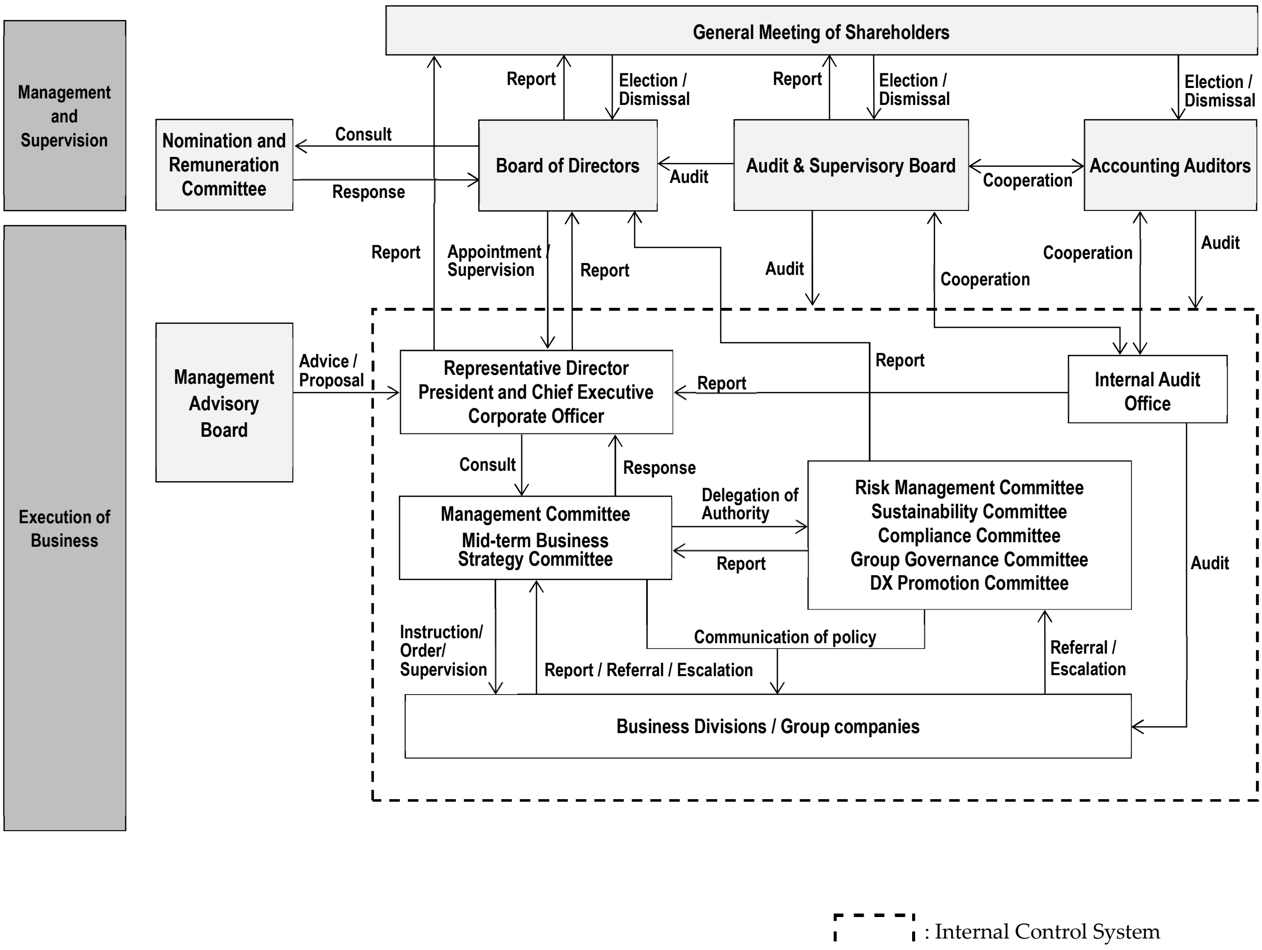
We work continuously to develop and enhance corporate governance system that leverages the unique qualities of the Group while valuing dialogue with various stakeholders. To this end, the Company has established the Corporate Governance Guidelines which represents the way it sees its corporate governance, and has disclosed these on its corporate website.

https://www.kewpie.com/company/promise/governance/

※ We define corporate governance as the systems used to secure transparent, fair, swift and resolute decision making to achieve sustainable growth and enhanced corporate value, taking into account the positions, etc., of various stakeholders, including customers and shareholders.

(b) Overview of corporate governance structure

The diagram below describes the structure of the Corporate Governance System of the Group.



- The Company is a company with an Audit & Supervisory Board. The audit function of the Board of Directors of the Company is being strengthened under this governance scheme. A corporate officer system is adopted for appropriate and flexible execution of business.

  The Company sets the terms of directors and corporate officers at one year in order to clarify management responsibilities each fiscal year and establish a management structure that can respond swiftly to changes in the business environment.

1) Management and Supervision

- The Board of Directors consists of seven standing directors and three outside directors, composed mainly of corporate officers who can take a broad view of the overall Group. The Board of Directors makes decisions on important management matters, including the Group's policies and strategies (Medium-term Business Plan, etc.), and supervises the execution of duties by directors and corporate officers.
- The Audit & Supervisory Board consists of two standing corporate auditors and three outside corporate auditors.

  Through exchanging opinions with the Representative Director, President and Chief Executive Corporate Officer, participating in important meetings and committees, reports from officers in charge and responsible personnel of each business division, and on-site inspections, etc., the Audit & Supervisory Board monitors how the Company's internal control system is maintained and operated. In addition, the Board collaborates with Accounting Auditors and the Internal Audit Office, including regularly sharing information with them.
- The Company has established the Nomination and Remuneration Committee as an advisory body to the Board of Directors with the aim of enhancing objectivity, reasonableness, and transparency of the structure of the Board of Directors, the nomination of Director, and compensation of directors and other officers. The committee is to consist of no fewer than five members, and at least half of its membership is to be comprised of outside directors and outside corporate auditors (the "outside officers") who meet the independence criteria. The chairman of the committee shall be appointed by the resolution of the Nomination and Remuneration Committee from among its members who are outside directors, and such person shall undertake chairmanship of the committee.

  For information about the committee members, please refer to "◇ Status of the Nomination and Remuneration Committee".

2) Execution of Business

   - The Group's overall policy and most important matters are decided after deliberation by the Company's Board of Directors or the Management Committee (or the Mid-term Business Strategy Committee). For important and specialized issues across the Group, specified important meetings and committees to which authority has been delegated by the Management Committee are responsible for formulating policies and promoting initiatives, leading to swift and appropriate decision-making and implementation. In particular, functions related to internal control are mainly shared by the following important meetings and committees.

Meeting	<Organizer/Chairman>	Main roles
Management Committee	Representative Director, President and Chief Executive Corporate Officer	This is an important meeting that deliberates and monitors important matters (including business risks) related to Group management. Inside directors and corporate officers are the main participating members.
Mid-term Business Strategy Committee	Representative Director, President and Chief Executive Corporate Officer	This is an important meeting where members, mainly executive directors, deliberate on important matters especially relevant to the promotion of the Medium-term Business Plan, among other matters listed above.
Risk Management Committee	Director in charge of risk management	This is an important committee whose main role is to formulate policies, determine priority issues, and promote initiatives for risk management of the entire Group. It consolidates information on company-wide risks and oversees the evaluation, prioritization, and countermeasures of such risks.
Sustainability Committee	Director in charge of sustainability	This is an important committee whose main role is to formulate policies, determine priority issues, and promote initiatives for achieving sustainability in accordance with the Group Policies. It formulates Basic Policy on Sustainability and works on priority social and environmental issues based on this policy.
Compliance Committee	Director in charge of compliance	This is an important committee whose main role is to establish a compliance system for the entire Group, determine priority issues, and promote compliance initiatives. In addition to identifying any issues related to compliance, it formulates plans, raises awareness, conducts training, etc. related to promoting compliance.
Group Governance Committee	Director in charge of group governance	This is an important committee whose main role is to formulate policies, determine priority issues, and promote initiatives for the establishment of appropriate Group governance. It promotes measures such as appropriate decision-making and the development of group company management systems.
DX Promotion Committee	Corporate officer in charge of IT Business Reform Promotion	This is an important committee whose main role is to develop a policy of digital strategy for the entire Group, optimize resource allocation (cost, systems, etc.), and develop and promote a policy of human resources development for DX. Through the Information Promotion Committee, an organization under its direct control, it maintains information security for the entire Group, improves the IT environment, and promotes IT literacy education and IT utilization.

- The Company has also established its Management Advisory Board as an advisory body to the Company's Representative Director, President and Chief Executive Corporate Officer, composed of experts from outside the Company. It was set up with the goal of obtaining advice and recommendations so that the Group may boost the soundness, fairness and transparency of its management and thus better serve society and its customers. For information about the board members, please refer to "◇ Management Advisory Board".

・ The Internal Audit Office does, from a perspective of legality and rationality, coordinate with staff members in each division or department in charge of auditing duties relating to product quality, environmental protection, safety, and labor to conduct internal audits of the Group's management and operation systems for overall management activities and the execution status of duties. In addition, it implements the evaluation of the effectiveness of internal control over financial reporting in accordance with the nomination by the Company's Representative Director, President and Chief Executive Corporate Officer.

(c) Reason for adopting the Group's corporate governance structure

The Company receives opinions and guidance from the three outside directors and the three outside corporate auditors concerning the overall management of the Company. Outside officers also serve the important role of monitoring the executive directors including the Representative Director, President and Chief Executive Corporate Officer, and the Company believes in ensuring that the monitoring and advising function provided to the management is sufficiently working, and that it is objective and neutral. The Company believes at present that it is appropriate to improve its corporate governance under the current system.

The Company will continue examining the current system in pursuit of a better corporate governance system for the Group.

(d) Other matters concerning corporate governance

◇ <u>Status of the Nomination and Remuneration Committee</u>

The Nomination and Remuneration Committee deliberates on the following matters, and makes decisions as necessary, with respect to:

(1) Structure of the management systems and member composition of the Board of Directors;

(2) Criteria for election and dismissal of directors, corporate auditors, and corporate officers;

(3) Nomination of respective candidates for positions as directors and corporate auditors;

(4) Criteria for evaluating directors and corporate officers;

(5) Design of compensation systems for directors and corporate officers; and

(6) Other matters regarding the Group's corporate governance as deemed necessary by the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee met five times in the current fiscal year, deliberating on the directors' bonuses, future management framework, election of candidate outside officers, and rules for mandatory retirement age and term of service of officers, among others.

The committee's members shall be elected by the resolution of the Board of Directors, and their term of office shall continue until the conclusion of the Company's first Ordinary General Meeting of Shareholders to be held subsequent to their appointment. As of the filing date of this Report, the committee's chairman and its members are as listed below.

<Chairman>
- Hitoshi Kashiwaki, Outside Director

<Members>
- Shihoko Urushi, Outside Director
- Atsuko Fukushima, Outside Director

- Kazumine Terawaki, Outside Corporate Auditor
- Amane Nakashima, Chairman
- Mitsuru Takamiya, Representative Director, President and Chief Executive Corporate Officer
- Shinichiro Yamamoto, Director and Senior Corporate Officer

◇ Management Advisory Board

The Management Advisory Board has been set up as an advisory body to the Company's Representative Director, President and Chief Executive Corporate Officer. Participants in the Management Advisory Board meetings consist of outside members made up outside experts, observing committee members (outside officers) and the Representative Director, President and Chief Executive Corporate Officer. Other directors may also participate as necessary, depending on the agenda. The Company receives advice and proposals from this Board for the maintenance and improvement of the sound, fair and transparent management of the Group, which it takes into account in decision-making. The Management Advisory Board meets regularly twice per year, with additional special meetings held as necessary.

As of the filing date of this Report, outside members are as listed below.

<Outside Members>
- Ms. Yuri Okina, Chairperson of the Japan Research Institute, Limited
- Ms. Izumi Kobayashi, Outside Director of ANA HOLDINGS INC. and other companies
- Ms. Chieko Matsuda, Professor, Graduate School of Management at Tokyo Metropolitan University
- Mr. Harold George Meij, Outside Director of Earth Corporation and other companies
- Ms. Yumiko Kamada, CEO of ONE・GLOCAL Ltd.

◇ Policies and procedures for election and dismissal of executives and nomination of director and corporate auditor candidates

<Policy for Nomination of Director Candidates>
The Board of Directors of the Company, in working to follow the mandate of the shareholders, shall have responsibilities to respect corporate philosophy, promote sustainable corporate growth and the improvement of corporate value over the medium to long term, and enhance earnings power and capital efficiency. Concerning the election of directors, the Board of Directors has set forth the following criteria through which the persons deemed capable of fulfilling these responsibilities are nominated as candidates.
(Inside director)

1. Must respect the corporate philosophy of the Company and embody these values.
2. Must possess abundant knowledge on domestic and international market trends concerning the Group business.
3. Must possess excellent competency in objective managerial judgment and business execution that contributes beneficially to the Group's management direction.

(Outside director)

1. Must provide a guiding role in particular fields, such as corporate management, legal affairs, overseas, human resource development, and ESG and possess abundant experience and expertise in such fields.
2. Must have high affinity with the corporate philosophy and business of the Company, and possess the ability to express opinions, provide guidance and advice, and carry out supervision with respect to the inside directors when deemed timely and appropriate to do so.

3. Must secure sufficient time to perform duties as an outside director of the Company.

<Policy for Nomination of Corporate Auditor Candidates>

The corporate auditors, in working to follow the mandate of the shareholders, shall have responsibilities to strive to prevent occurrences of infringements of laws and regulations and the Articles of Incorporation and maintain and improve the soundness of the Group's management and its trust from society. Concerning the election of corporate auditors, the Board of Directors has set forth the following criteria through which the persons deemed capable of fulfilling these responsibilities are nominated as candidates.

(Inside corporate auditor)

1. Must respect the corporate philosophy of the Company and embody these values.
2. Must maintain a stance of fairness and possess the capability to fulfill auditing duties.
3. Must have an overall grasp of the Group operations and be able to propose management tasks.

(Outside corporate auditor)

1. Must provide a guiding role in particular fields, such as corporate management, accounting, legal affairs, overseas, human resource development, and ESG and possess abundant experience and expertise in such fields.
2. Must have high affinity with the corporate philosophy and business of the Company, and possess the ability to express opinions, provide guidance, and carry out supervision with respect to the directors from an objective and fair standpoint.
3. Must secure sufficient time to perform duties as an outside corporate auditor of the Company.

<Procedures for Nomination of Corporate Officer Candidates>

Concerning the nomination of candidates for directors and corporate auditors, the Board of Directors will deliberate and decide after discussions in a meeting of the Nomination and Remuneration Committee.

As for candidates for corporate auditors, election propositions for the General Meeting of Shareholders must be approved by the Audit & Supervisory Board pursuant to stipulations in the Companies Act.

<Policies and Procedures for Dismissal of Corporate Officers>

The Board of Directors of the Company may seek resignation or otherwise dismiss a corporate officer (including corporate officers with special titles such as President at the top) in the event that any one of the following items applies. Matters involving dismissal of a corporate officer are to be deliberated on and decided by the Board of Directors, subsequent to discussion in a meeting of the Nomination and Remuneration Committee.

1. The individual has engaged in an act of fraud, impropriety, perfidy or breach of trust as a corporate officer;
2. The individual has shown a lack of competence as a corporate officer;
3. The professional duties of a corporate officer performed by the individual have been insufficient in terms of implementation or results thereof, and the Board of Directors has deemed that it would be inappropriate for him or her to continue performing his or her duties as a corporate officer; or
4. The individual has behaved or otherwise engaged in language and conduct unbecoming to a corporate officer.

◇ The Company's policy regarding the necessary skills (experience and expertise), diversity, and scale for the Board of Directors

1. The Company aims at a well-balanced composition of officers as a whole (including directors and corporate auditors) in terms of experience, expertise, attributes, etc., and works on making up for insufficient factors by those of non-officers.
2. Inside directors are composed mainly of corporate officers who can take a broad view of the overall Group.
3. The maximum term of service of an outside officer is ten (10) years in order to maintain their independency; however, care shall be taken to ensure terms of service are appropriate from the perspective of emphasizing their understanding of the food business and the Company.
4. The number of directors shall be up to twelve (12), and outside directors shall make up one third or more of the total number of directors.

* Currently, outside directors account for less than one-third of the total number of directors. However, we recognize that the fiscal year ending November 30, 2023 is an important transitional period for management transformation as the company undergoes major environmental changes. As such, we have decided to expand the number of inside directors and engage in management reform for the future. The above measure is a temporary measure in the fiscal year ending November 30, 2023, and does not change the above approach.

◇ Status of individuals who have retired from the position of Representative Director, President and Chief Executive Corporate Officer, etc.

The Company, where the President and Chief Executive Corporate Officer recognizes a specific business need, shall, in accordance with the required internal procedures, delegate a retired President and Chief Executive Corporate Officer as an Executive Corporate Adviser, or a retired officer as a Corporate Adviser.

The Executive Corporate Adviser, mainly for the smooth succession of management, shall provide advice where requested by the President and Chief Executive Corporate Officer, and shall fulfill other duties as requested by the President and Chief Executive Corporate Officer, including industry group activities and activities to maintain relationships with business partners. Furthermore, a Corporate Adviser will be delegated particularly when there is a specific mission to be requested based on the Corporate Adviser's knowledge and experience during their time as officer.

Neither the Executive Corporate Adviser nor the Corporate Adviser have authority in the decision-making process of management, neither do they attend meetings of the Management Committee or other internal meetings.

The terms shall be in principle a one-year term with a maximum of two years for the Executive Corporate Adviser and a maximum of one year for the Corporate Adviser, meaning retired officers do not maintain long-term business relationships with the Company.

Furthermore, in terms of internal procedures, the delegation of the Executive Corporate Adviser requires a resolution by the Board of Directors, and the delegation of the Corporate Adviser requires a decision by the President and Chief Executive Corporate Officer reported to the Board of Directors.

Mr. Osamu Chonan, who retired from the office of Representative Director, President and Chief Executive Corporate Officer on February 25, 2022, assumed the office of part-time Executive Corporate Adviser on the same day, but is retiring from it on February 28, 2023.

◇ Evaluation of the effectiveness of the Board of Directors

The Company implemented an evaluation of the effectiveness of the Board of Directors (sixth evaluation) for FY2021 from December 2021 through January 2022, and worked to improve the operation of the Board of Directors based on those results in FY2022. A summary of this process is as follows:

Going forward, we at the Company will implement an evaluation of the effectiveness of the Board of Directors every year, and we will work to build a management framework that contributes to the medium- to long-term development of the Group.

(1) Implementation methods and details

- We conducted a questionnaire survey on all the officers. The questionnaire items were designed to review whether the activities of the Board of Directors in FY2021 fulfilled its responsibilities and roles by thoroughly discussing and monitoring changes in the business environment, such as soaring raw material prices and heightened social interest and demands for sustainability, and to ask how the Board of Directors should be and what it should work on in FY2022 based on this review. In addition, it also evaluated the effectiveness of the Nomination and Remuneration Committee, an advisory body to the Board of Directors.
- The Board of Directors Office and external organization analyzed and evaluated the responses to the questionnaire, and after reporting and sharing those results with the Board of Directors, opinions were exchanged among the officers present at the meeting of the Board of Directors.

(2) Evaluation results

- Overall, the activities of the Board of Directors and the Nomination and Remuneration Committee have been generally satisfactory, and the committee has been evaluated as being able to deliberate on each of the management issues (clarification of future vision, overseas shift, sustainability, getting the market-oriented business structure back on track, etc.) that were formulated at the beginning of the fiscal year almost as planned. Meanwhile, the results also highlighted issues such as insufficient analysis and consideration of the effects of the transition to a market-oriented business structure, and the need to work toward fundamental solutions to soaring raw material prices.

(3) Initiatives carried out during the current fiscal year

- At its meeting held in February 2022, the Board of Directors decided to discuss how to face changes in the business environment, including the soaring prices of raw materials, at the company-wide level and by Market Business, and to discuss each management issue, including overseas shift, strengthening marketing functions, sustainability, human resource strategy, and DX strategy, and drew up an annual agenda plan.
- As a result of the Board's management, which considered the agenda for each meeting in accordance with the ever-changing business environment, the Board was generally able to discuss the scheduled agenda by December 2022, although there were some changes and delays from the schedule above.
- The "defense plan against large purchase actions of the shares of the Company (takeover defense plan)", which was introduced in February 2008 and has been renewed four times since then, was carefully deliberated three times by the Board of Directors in FY2022, taking into consideration aspects such as the business environment surrounding the Company and the impact of the continuation of the takeover defense plan. Ultimately, a resolution was adopted during the meeting of the Board of Directors held in December 2022, to abolish this at conclusion of the 110th Ordinary General Meeting of Shareholders scheduled in February 2023.

In December 2022, the Company conducted a questionnaire survey, as the effectiveness evaluation for the current fiscal year (seventh evaluation), on officers (the questionnaire contained questions including evaluations of initiatives carried out during FY2022, future challenges, and necessary initiatives to be taken; it also included an evaluation of the effectiveness of the Nomination and Remuneration Committee).

Thereafter, after reporting and sharing the questionnaire results and evaluation by the external organization with the Board of Directors, opinions were exchanged among all officers at the meeting of the Board of Directors.

The questionnaire led an overall evaluation showing that the initiatives based on the previous effectiveness evaluation have delivered a certain level of achievement. However, the Company will share future issues and plans for concrete initiatives again at the Board of Directors and work toward further improvements.

◇ Progress made in establishing internal control system

The Company, through meeting of the Board of Directors held in December 2022, has passed the following resolutions for amendment concerning the basic policy for building an internal control system.

(1) The Group's framework for the system of business execution

The Company shall establish a Management Committee, an advisory body to the Representative Director, President and Chief Executive Corporate Officer, to deliberate on important matters for the Group as a whole. In addition, the Company shall also establish Market Businesses in charge of the retail, food service, and overseas markets, tasked with formulating and promoting the Group's strategies in each market, and with formulating, disseminating, and monitoring important policies of the entire Group by establishing various important meetings and committees commissioned by the Management Committee for each important theme and area across the Group.

(2) System to ensure that execution of duties by directors and employees of the Company and its subsidiaries complies with laws and regulations and the Articles of Incorporation

a. As the Group has declared its corporate spirit under its Corporate Motto and Corporate Principles shown below and come to foster a corporate culture by making executive officers and employees alike aware of the ongoing and thorough training programs over many years, the directors of the Company and its subsidiaries must also respect that corporate culture in their management decisions. In addition, the Corporate Motto and Principles, together with our Ideal described below, have been established as the Group's philosophy, and shall be the most important basic values and aspirations for the directors and employees of the Company and its subsidiaries.

(Corporate Motto)

RAKU-GYOU-KAI-ETSU

(Corporate Principles)

・Act on moral principles

・Strive for originality and ingenuity

・Look after parent's well being

(Words to remember) "The world is fairer than you imagine"

(Our Ideal)

We aim to be a group contributing to the food culture and health of the world through "great taste, empathy, and uniqueness".

b. The Group has established the Group Policies (comprised of the Code of Ethics and Code of Conduct) and compliance regulations so that directors and employees of the Company and its subsidiaries act in compliance with laws and regulations, the Articles of Incorporation and the corporate philosophy of the Group, and directors and employees of the Company and its subsidiaries are obligated to comply with these.

c. The Group assigns the Company's director responsible for compliance to oversee the Compliance Committee. Thus, the Company strives to improve its Group-wide compliance systems and identify any issues with those systems, while formulating plans, raising awareness, conducting training, etc. related to promoting compliance led by that committee. The Company's director responsible for compliance regularly reports to the Company's Board of Directors regarding the related activities.

d. The Group has set up a helpline at the Company, which can be contacted both from within and outside the Company (including lawyers), as an internal reporting system in accordance with the Whistleblower Protection Act. Upon receiving a report or notice from the reporting or consultation services, the Company's director in charge of compliance instructs the Compliance Investigation Committee to investigate the facts and, if the committee finds a violation of a law or rule, it will discuss with the relevant department and decide upon corrective actions and measures to prevent reoccurrence. In addition to making an announcement within the Company that includes disciplinary action, the Compliance Investigation Committee shall carry out Group-wide measures to prevent reoccurrence of such event.

e. The Group shall, as a member of society, never become involved with anti-social forces that are a menace to social order and security, and shall resolutely refuse improper solicitation.

(3) System to ensure storage and management of information relating to the execution of duties of directors of the Company and its subsidiaries

a. The Group shall implement operations for the proper preservation and management (including disposal) of documents and other information relating to the execution of duties of directors by using documents or electronic records created in accordance with document management rules, the regulations on the use of Company information, basic principles on the protection of personal information, and other rules and manuals related to the storage and management of such information, and when required, the Company's director in charge of Corporate shall inspect the state of such operation and review the respective rules.

b. At all times, directors and corporate auditors of the Company shall be able to view these documents or electronic records.

(4) System for rules relating to management of risks of the Group's loss and other rules

a. The Group shall follow its risk management basic policy with respect to each individual risk, and continuously monitor the organization etc. associated with the risk. In addition, the Company shall gather information related to company-wide risks of the entire Group at the Risk Management Committee, which is chaired by the Company's director in charge of risk management. The Risk Management Committee shall evaluate, and manage the overall order of priority of the risks, and the committee chairman shall regularly report the evaluation and response status of company-wide risks of the entire Group to the Company's Board of Directors.

b. The Group shall create a crisis management manual, first identifying and categorizing specific crisis and then establishing information transmission and emergency response systems that provide a quick and proper response in times of emergency. In the event of a major crisis, the Company shall strive to respond rapidly and appropriately by quickly establishing an Emergency Headquarters headed by a pre-designated director from the Company in charge of each category of crisis.

c. The Group regards sustainability activities as an important issue in contributing to the realization of a sustainable society and sustainable growth of the Group, and promotes sustainability initiatives based on the Basic Policy on Sustainability, which is determined through discussions by the Board of Directors. Each company and organization within the Group shall promote the Group's sustainability activities under the direction of the Sustainability Committee. The Sustainability Committee shall set material issues on sustainability for the Group, monitor their progress, and support their realization.

d. To construct a system necessary to ensure the properness of financial reporting, the Group shall establish various provisions related to financial reporting and aim to enhance internal controls related to financial reporting by conducting educational programs and promoting awareness of compliance with accounting standards and other related laws and regulations. Moreover, each responsible business division in charge of finance reporting, shall cooperate with the Company's corporate auditors and construct a scheme for regularly evaluating and improving the state of the design and operation of this system.

e. The Internal Audit Office shall, from a perspective of legality and rationality, coordinate with staff members in each division or department in charge of auditing duties relating to product quality, environmental protection, safety, and labor to conduct internal audits of the Group's management and operation systems for overall management activities and the execution status of duties. In addition, the Internal Audit Office shall execute an effectiveness assessment on the internal controls related to financial reporting in accordance with the nomination by the Company's Representative Director, President and Chief Executive Corporate Officer.

(5) System to ensure directors of the Company and its subsidiaries can efficiently execute their duties

a. While providing group-wide management targets to be shared by directors and employees and working to ensure group-wide permeation of such, the Group, aiming to achieve these management targets, shall strive to achieve an optimized organization through restructuring and the Company's Representative Director, President and Chief Executive Corporate Officer shall appoint persons in charge of such duties for each business division by the resolution of the Company's Board of Directors. By delegating authority to the aforesaid persons in charge of such duties, it shall be possible to quickly and appropriately make decisions and execute duties.

b. With regard to execution of duties based on the resolution of the Company's Board of Directors, the respective scope of responsibility and decision-related procedures shall be provided based on the approval criteria of the Company and its subsidiaries.

c. In accordance with the basic policy on execution of duties that was resolved by the Company's Board of Directors, specific measures for promoting the Group's management activities shall be entrusted to scheduled or unscheduled discussions held in the Company's Management Committee or each important meeting and committee, in order to achieve swift and appropriate decision-making and execution of duties.

d. In order to achieve sustainable growth for the Group, the Group has positioned digital transformation (DX) as a key management issue, and will promote the transformation of its business models and business processes through the use of digital technology. Each company and organization within the Group shall promote the Group's DX initiatives under the direction of the DX Promotion Committee. The DX Promotion Committee shall be responsible for orienting the Group's digital strategy and resource allocation, setting and supporting priority targets, developing a promotion system, and promoting digital literacy education.

(6) System necessary to ensure properness of operations in the Group

a. The Group shall, based on Basic Way of Thinking for Group Management, share consolidated management targets and policy on business operations of the corporate group at the Group Joint Management Committee and in meetings of different Market Businesses. Moreover, the entire Group shall work toward optimization with respect to the organization and human resources, and financing. Also, with regard to execution of duties, the Company shall define areas of authority for managing subsidiaries based on the approval criteria of the Group, and shall also streamline delegation of authority while achieving balance with Group management.

b. The Company's subsidiaries shall make monthly reports on the status of progress of business plans to the Company's corporate officer in charge of their company. Moreover, directors of the Company who have been dispatched as directors of a subsidiary and are present at the subsidiary's Board of Directors' meeting shall report to the above-mentioned corporate officers in charge regarding the status of discussions by the subsidiary's Board of Directors and management issues.

c. In the Group, the Group Governance Committee, chaired by the Company's director in charge of group governance, shall be responsible for developing a policy of establishing appropriate group governance, deciding on material issues, and promoting initiatives.

d. Aohata Corporation, which is a subsidiary of the Company, will share with the Company consolidated management goals and closely exchange information on risk management and compliance. However, in view of the fact that it has formed its own corporate group in addition to being listed on the Tokyo Stock Exchange, it will build its own system to ensure the appropriateness of business.

(7) System to ensure effectiveness of audits performed by corporate auditors

a. Placement of employees to assist in the Company's corporate auditor duties

The Company's Internal Audit Office executes internal auditing of matters requested by the Company's corporate auditors through deliberation with the Company's Audit & Supervisory Board and reports the results of such audits to the Company's Audit & Supervisory Board. Moreover, if the Company's corporate auditors request to appoint an employee to assist in such duties, the Company shall expeditiously comply with such a request.

b. Independence from the directors of employees who assist in the Company's corporate auditor duties and ensuring effectiveness of the Company's corporate auditor instructions conveyed to such employees

Employees belonging to the Company's Internal Audit Office who receive a request from the Company's corporate auditors to carry out necessary internal auditing duties shall not receive instructions or orders that relate to such internal auditing from directors etc. except the Company's director in charge of the Internal Audit Office. Moreover, when employees are assigned to assist in the Company's corporate auditor duties, the employees shall not receive instructions or orders from anyone other than the Company's corporate auditors, in order to ensure their independence.

c. System for reporting to the Company's corporate auditors including system for the Company's directors and employees, and officers and employees of the Company's subsidiaries to report to the Company's corporate auditors

1) The Company's directors and employees, and officers and employees of the Company's subsidiaries shall report the information necessary to respond to

requests from the Company's corporate auditor in accordance with the stipulation of the Company's Audit & Supervisory Board.

2) The subjects of the information matters mentioned in the previous paragraph are mainly:
   - Content of agenda items for resolution at each company's general meeting of shareholders
   - Status of activities at each unit concerning the construction of the Company's internal control system
   - Status of activities of the Company's Internal Audit Office, staff members in each division or department in charge of auditing duties, and corporate auditors of subsidiaries
   - Material accounting policies and accounting standards of the Company and changes thereof
   - Details of announcements of operating results and operating forecasts, and details of material disclosure documents
   - Operation and details of reports and consultation of the internal reporting system
   - Behavior in violation of laws and regulations or the Articles of Incorporation, or fraudulent behavior
   - Matters entailing risk of inflicting substantial damage on the Company or a subsidiary thereof
3) The Company shall establish a system that enables directors, employees, and officers and employees of subsidiaries to make anonymous reports to and consult the Company's corporate auditors as the Company's "helpline" internal reporting system.

d. System to ensure that persons who have reported as aforementioned in section (7) c. above are not treated disadvantageously for making such reports

   When a person has made a report to the Company's corporate auditors, the Company shall not subject that person to disadvantageous treatment for having made the report. This shall also be thoroughly enforced at subsidiaries.

e. Policy on procedures for prepaying or reimbursing expenses incurred by the Company's corporate auditors in the course of executing their duties, and other matters involving handling of expenses or debts incurred through execution of such duties

   1) The Company shall undertake budgetary measures annually with respect to audit expenses necessary to ensure the smooth execution of the Company's corporate auditor duties.
   2) The Company shall cover extraordinary expenses claimed by the Company's corporate auditors, such as those incurred in enlisting the cooperation of outside specialists (such as lawyers and accountants), unless the nature of the expense claimed is deemed unreasonable.

f. Other system necessary to ensure auditing of the Company's corporate auditors is effectively executed

   1) The Company's Board of Directors shall require the Company's Audit & Supervisory Board to report on the audit policies, important audit matters, and audit method, etc., of respective fiscal years, and this information shall be shared.
   2) The Company's directors, employees, and officers and employees of the Company's subsidiaries shall cooperate appropriately with requests for interviews from the Company's corporate auditors. Moreover, the Representative Director,

President and Chief Executive Corporate Officer shall have regular opportunities to exchange opinions with the Company's Audit & Supervisory Board.

3) Committees, the Internal Audit Office, and staff members in each division or department in charge of auditing duties contributing to the construction of the internal control system shall respect the opinions of each corporate auditor as they pertain to ensuring that the audit by the corporate auditors is effective.

◇ Progress made in operating the internal control system

Details regarding the operational status of the internal control system for the current fiscal year are summarized as follows.

(1) System to ensure compliance with laws and regulations and the Articles of Incorporation

- We conducted an employee awareness survey (conducted every two years) to determine the level of understanding of basic policies such as the "2030 Vision" and employee awareness of compliance, working environment, and CSR activities. As a result, we identified issues in terms of understanding of basic policies and efforts to prevent harassment, and took action to address them.

(2) System for managing risk of loss

- In light of the increasing country risk in our China business, we have formulated policies for dealing with various risks in preparation for the emergence of such risks, including policies for managing tangible and intangible assets held in our China business, raw materials we depend on China for procurement, and information systems used in our China business, as well as evacuation procedures for expatriates and their families.
- In light of the increasing complexity of the business environment surrounding the Group and the internal systems for dealing with each risk, we have established a new system centered on the Risk Management Committee to oversee the risks within the Group that are under the jurisdiction of each meeting and each organization.
- As a result of a review of the Basic Policy on Sustainability in light of the environment inside and outside the Company regarding sustainability, we have included in the policy our commitment to the conservation of biodiversity and the reduction of environmental impact on water resources, and have also added a commitment to the realization of a recycling-oriented society with regard to plastics. (The policy was amended in December 2022.)
- In addition to switching the electricity used at the Shibuya Office and Sengawa Kewport to virtually renewable energy sources, solar panels have been installed at the Company's Kobe Factory, and solar power generation is being introduced to all Group locations. As for the Company's Kobe Factory, the Group's first net-zero plant has been established through the purchase of J-credits*, which began in December 2022.

  * The J-Credit Scheme is a scheme under which the government certifies the amount of greenhouse gas emission reductions and absorption as credits.

(3) System to ensure effective execution of duties

- For the purpose of swift decision-making, implementation based on such decision-making, and improvement on the quality of information sharing, etc., "Questionnaire on Internal Meetings" and "Questionnaire on Decision-Making" were conducted for executives and employees, and the results were reviewed by the Management Committee. We are working to improve the organizational climate and strengthen the organizational structure by taking measures to address the issues we have identified.

(4) System necessary to ensure properness of operations in the corporate group

- The Group Governance Committee organizes and carries out a questionnaire survey and study sessions on group governance for presidents and dispatched directors of Group companies to identify issues and promote measures.
- In order to achieve the goal of "developing a framework for empowering a diverse range of talent", as stated in the Medium-term Business Plan for FY2021-2024, we held diversity seminars for the Group employees and diversity discussions attended by members from different workplaces and positions.

(5) System to ensure that corporate auditors perform audits effectively

- Corporate auditors of the Company strived to implement effective audits by for example, participating in the Risk Management Committee and the Compliance Committee to grasp the current status and outstanding issues to be solved concerning internal control, and making efforts to coordinate with the internal auditing unit in the election of offices subject to corporate audit.

◇ Overview of content of limited liability contract

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act and Article 28 of the Articles of Incorporation, the Company and its outside directors have entered into a limited liability contract. Also, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act and Article 38 of the Articles of Incorporation, the Company and each of its outside corporate auditors have entered into a limited liability contract. The amount of maximum liability stipulated in the contract is determined by each of the respective items under Article 425, Paragraph 1 of the Companies Act.

However, the limitation of liability is applicable only in cases where the outside directors and outside corporate auditors have performed their respective duties in good faith and without gross negligence.

◇ Overview of content of directors and officers liability insurance

The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act. The policy covers losses and such costs as related litigation expenses incurred from claims for damages borne by the insured where they receive a claim for damages from a shareholder or third party. The Company fully bears the insurance premiums for all insured parties.

Major officers who execute business, including directors, corporate auditors, and corporate officers, of the Company shall be named as an insured with respect to the insurance policy. The term of contract is one year.

◇ Number of directors

The Articles of Incorporation of the Company stipulate that the number of Company's directors is limited to not more than twelve members.

◇ Election and dismissal of directors

The Articles of Incorporation of the Company stipulate that election and dismissal of directors shall be made by a majority of the votes of the shareholders present at the meeting where the shareholders holding one-third or more of the votes of the shareholders entitled to exercise their votes at such shareholders meeting are present, and prohibits the resolution of election of directors based on cumulative voting.

◇ Agenda at the General Meeting of Shareholders that can be decided by the Board of Directors

As for matters listed in the items of Article 459, Paragraph 1 of the Companies Act regarding dividends from surplus, the Articles of Incorporation of the Company stipulate that the Board of Directors reserves the right to make a resolution unless otherwise provided for in laws and regulations. This is intended to realize mobile implementation of measures regarding dividend and capital policy.

◇ Exceptional agenda for resolutions at the General Meeting of Shareholders

As for exceptional agenda at the General Meeting of Shareholders provided for in Article 309, Paragraph 2 of the Companies Act, the Articles of Incorporation of the Company stipulate that the resolutions of those General Meetings of Shareholders shall be made by two-thirds or more of the votes of the shareholders present at the meeting where the shareholders holding one-third or more of the votes of the shareholders entitled to exercise their votes at such shareholders meeting are present. This is intended to facilitate the operation of the General Meetings of Shareholders by relaxing the restrictions imposed by the required number of shareholders present.

◇ Fundamental policy on control of the Company

I. Fundamental policy on what the person(s) should be like to control the determination of the financial and business policies of the Company

1. Source of the Company's corporate value

(1) Group philosophy

The Company has advocated the following corporate motto and corporate principles as its spirit of foundation and provided them in its Articles of Incorporation for the continuance of contributing to the people's healthy dietary life by placing first priority on security and safety as a fundamental principle in its business activities:

(Corporate Motto)

RAKU-GYOU-KAI-ETSU (Share the joy of endeavors)

(Corporate Principles)

・Act on moral principles

・Strive for originality and ingenuity

・Look after parent's well being

The Group, aiming to be a group contributing to the food culture and health of the world through "great taste, empathy and uniqueness", has engaged in businesses for the retail market, food service, overseas, fruit solution, and fine chemicals as well as common businesses.

(2) Actions based on the Group's management philosophy

The Group has stipulated the Group policies to ensure that all officers and employees take actions in compliance with our management philosophy, and published values we respect and behaviors to be expected. The Group has maintained its attitude of giving first priority to quality since its foundation, and through wholeheartedly delivering the selective products and services unique to the Group, endeavors to enhance its corporate value.

(3) Strength of business development

Since the launch of the first domestically produced mayonnaise in 1925, the Company has constantly endeavored to cultivate and expand the market of salad condiments through commercialization of dressings, among others and has maintained a large brand share as a leading manufacturer. In addition, the Company sells jams and pasta sauces, as well as baby foods and health foods. In 1998, the Company launched universal-design foods (or foods for the sick and aged). As stated above, the Company, as a pioneer in the food industry, has always taken the initiative in developing quality products according to various stages of diets, which we believe is the driving force to cultivate the powers of its brand highly trusted by customers.

Since the launch of its mayonnaise, the Company has supplied eggs, the main ingredient of mayonnaise, as liquid eggs, to process manufacturers. In 1955, the Company launched mayonnaise for commercial use and since the 1960s, has dealt in chilled products and prepared foods and has sold cut vegetables. Thus, we also believe that the Group's strength lies in not only the quality and palatability of its products, but its continued proposal of the joy of eating in the broad areas of home meal, home-meal replacement and eating-out.

Our overseas business began in 1982 by establishing a company which operates the condiments business in the United States, and since then we have expanded the business to China, Southeast Asia and Europe. By developing products and proposing menus that meet a variety of needs, we are expanding the market of mayonnaise and dressing and are adding new categories that incorporate technologies cultivated in Japan.

Since its formation in 1919, the Company has regarded the "insistence on high quality", "capabilities of developing products ahead of customer needs" and "seeking of synergies in each business development" as the sources of its corporate value. Furthermore, as represented in its corporate motto "RAKU-GYOU-KAI-ETSU (share the joy of endeavors)", all officers and employees share the attitude of overcoming difficulties with originality and ingenuity to achieve their common targets in business activities and sharing these joys. We believe this attitude should be perpetuated as a corporate culture that may sustain the source of the Company's corporate value.

2. Details of the fundamental policy

The Company considers that in the event that its shares are to be purchased for the purpose of a large purchase, it should be left to the final judgment of the shareholders whether or not the Company will agree thereto, and does not deny any import or effect of vitalization of its corporate activities through a change in the controlling interest.

However, for the management of the Group, it is essential to have a good understanding of a broad range of know-how and accumulated experience, as well as the relationships fostered with its stakeholders, including customers and employees. Without such good understanding, it would be impossible to properly judge the shareholder value that may be raised in the future.

In fact, some large purchase may cause permanent damage to the Company and materially injure its corporate value and the common interests of its shareholders. We, responsible for the management of the Company, recognize that we are naturally responsible for protecting the fundamental philosophy and brands of the Company and the interests of shareholders and other stakeholders from such large purchase.

Therefore, we believe that the nature of those who control decisions on the Company's financial and business policies should also be reviewed from the perspective of whether they can maintain and develop the source of the Company's corporate value as indicated in 1. above over the medium to long term, and increase the Company's corporate value and the common interests of its shareholders.

(The aforementioned fundamental policy on what the person(s) should be like to control the determination of the financial and business policies of the Company will be referred to as the "Fundamental Policy" hereinafter.)

II. Special measures to facilitate the implementation of the Company's Fundamental Policy

To encourage many investors to invest in the Company on a continued, long-term basis, the Company has implemented the following measures to facilitate the enhancement of its corporate value and the common interests of its shareholders.

1. Formulation of the Group's long-term vision and its Medium-term Business Plan

   For the formulation of the Group's long-term vision and its Medium-term Business Plan, please refer to Chapter II. Business Operations, 1. Management Policy, Business Environment, Tasks Ahead, Etc., (2) Medium- to long-term business strategies, business environment, tasks ahead, etc.

2. Streamlining of corporate governance

   To continuously increase its corporate value and the common interests of its shareholders through efficient and sound management, the Group regards the streamlining of its organizations, schemes and systems of management and timely and proper implementation of necessary measures as one of the most important management challenges.

   The Company sets the term of directors and corporate officers at one year in order to clarify management responsibilities each fiscal year and establish a management structure that can respond swiftly to changes in the business environment. Additionally, to further strengthen its audit system, the Company employs five corporate auditors (members of the Audit & Supervisory Board), including three outside corporate auditors.

   In August 2018, the Company established its Nomination and Remuneration Committee as an advisory body to the Board of Directors with the aim of enhancing objectivity, adequacy and transparency regarding factors such as the composition of the Board of Directors and methods of nomination and compensation of directors and other officers. The committee is to consist of no fewer than five members, and at least half of its membership is to be comprised of outside directors and outside corporate auditors (the "outside officers") who meet the independence criteria defined by the Company. Moreover, the committee's chairman is to be selected from among those committee members who are outside directors.

   The Company has also established its Management Advisory Board as an advisory body to the Representative Director, President and Chief Executive Corporate Officer, composed of experts from outside the Company. It was set up with the goal of obtaining advice and recommendations so that the Group may boost the soundness, fairness and transparency of its management and thus better serve society and its customers.

III. Measures to prevent the determination of the financial and business policies of the Company from being controlled by any inadequate person in consideration of the Fundamental Policy

The Company resolved at the Board of Directors' meeting held in December 2022 not to continue the "defense plan against large purchase actions of the shares of the Company (takeover defense plan)" introduced in February 2008, and abolished it at the conclusion of the 110th Ordinary General Meeting of Shareholders held in February 2023, the deadline for its renewal.

However, we recognize that it is a serious responsibility of the management entrusted by our shareholders to make adequate preparations against large purchase actions that may damage our corporate value and the common interests of its shareholders.

In the event of a sudden large purchase of the shares, for the shareholders who are required to judge the adequacy of the price for the acquisition offered by the purchaser in a short period, we consider it vital to be provided with adequate and sufficient information from both the purchaser and the Board of Directors of the Company. Moreover, for the shareholders in considering whether or not to continue holding the shares of the Company, we believe that such information as the impact of the acquisition on the Company, the details of the management policy and business plans when the purchaser proposes to participate in the management of the Company, past investing activities of the purchaser and the opinion of the Board of Directors as to the acquisition will be important for making a decision.

Therefore, in the event of a large purchase action that may damage the corporate value of the Company and the common interests of its shareholders, the Company will continue to request the person conducting the purchase to provide time and information necessary and sufficient for the shareholders to make an appropriate judgment as to whether or not the purchase is appropriate. We will also take measures (including so-called takeover defense plan) that we consider feasible and appropriate at the time, within the scope permitted by the Financial Instruments and Exchange Law, the Companies Act, and other relevant laws and regulations, with the utmost respect for the opinions of independent outside directors.

IV. The initiatives described in II. and III. above complying with the Fundamental Policy, not impairing the common interests of the shareholders of the Company and not aiming to maintain the position of the officers of the Company, and the reasons therefore

The initiatives described in II. above are intended to maintain and increase the Company's corporate value and the common interests of its shareholders, and are precisely those that contribute to the realization of the Fundamental Policy.

Moreover, the initiatives described in III. above are intended to maintain the Company's corporate value and the common interests of its shareholders and comply with the Fundamental policy. This is achieved by ensuring that, in the event of a large purchase action of the Company's shares, the shareholders have the necessary information and time to decide whether or not to accept such purchase, and by taking measures such as negotiations with the purchaser on behalf of the shareholders.

Therefore, the Company's Board of Directors believes that these initiatives do not impair the common interests of the shareholders of the Company, nor are they intended to maintain the position of the officers of the Company.

When taking necessary measures, including takeover defense plan, against a large purchase action that may damage the Company's corporate value and the common interests of its shareholders, we believe that the impartiality and neutrality of such decisions will be ensured, since decisions will be made with the utmost respect for the opinions of independent outside officers.

(2) Officers

Outside Officers

◇ Number of Officers

The Company has three outside directors and three outside corporate auditors.

◇ Special interests with the Company and independence criteria

Outside director Ms. Shihoko Urushi has abundant experience as an educator combined with broad insight as a corporate executive. In addition, Ms. Urushi is Outside Director of Culture Convenience Club Co., Ltd. and JAPAN POST BANK Co., Ltd., and Outside Audit & Supervisory Board Member of Tokio Marine & Nichido Fire Insurance Co., Ltd. There is no special interest between the Company and the said companies. She satisfies the Company's "Independence Criteria for Outside Officers" as well. Consequently, there is no risk of this having an impact on her independence.

Outside director Mr. Hitoshi Kashiwaki has abundant experience and deep insight as a corporate executive of an operating company. In addition, Mr. Kashiwaki is an Outside Director of ASICS Corporation, Matsuya Co., Ltd. and TBS HOLDINGS, INC. There is no special interest between the Company and the said companies. He satisfies the Company's "Independence Criteria for Outside Officers" as well. Consequently, there is no risk of this having an impact on his independence.

Outside director Ms. Atsuko Fukushima has abundant experience and deep insight as a journalist. In addition, Ms. Fukushima is External Director of Hulic Co., Ltd. and Outside Director of Nagoya Railroad Co., Ltd. and Calbee, Inc. There is no special interest between the Company and the said companies. She satisfies the Company's "Independence Criteria for Outside Officers" as well. Consequently, there is no risk of this having an impact on her independence.

Outside corporate auditor Mr. Kazumine Terawaki has specialist knowledge and broad insight as a legal expert. In addition, Mr. Terawaki is an outside corporate auditor of The Shoko Chukin Bank, Ltd. and Kajima Corporation and outside Director of SHIBAURA MACHINE CO., LTD. There is no special interest between the Company and the said companies. He satisfies the Company's "Independence Criteria for Outside Officers" as well. Consequently, there is no risk of this having an impact on his independence.

Outside corporate auditor Ms. Mika Kumahira has experience in corporate management, including overseas, as well as an advanced insight into organizational reform and leadership development. In addition, Ms. Kumahira is Representative Director of Atech Kumahira Co., Ltd. and Outside Director of NITTAN Corporation. There is no special interest between the Company and the said companies. She satisfies the Company's "Independence Criteria for Outside Officers" as well. Consequently, there is no risk of this having an impact on her independence.

Outside corporate auditor Mr. Akihiro Ito has abundant experience and deep insight as a person in charge of accounting and financing of an operating company and as a corporate auditor. In addition, Mr. Ito is an Outside Audit & Supervisory Board Member of KAMEDA SEIKA CO., LTD. There is no special interest between the Company and the said company. He satisfies the Company's "Independence Criteria for Outside Officers" as well. Consequently, there is no risk of this having an impact on his independence.

Outside director Mr. Hitoshi Kashiwaki and outside corporate auditors Mr. Kazumine Terawaki and Ms. Mika Kumahira have shareholdings in the Company; however, as the percentage of the total number of issued shares of the Company is negligible and has no impact on management, there is no special interest between either of them and the Company.

The Company stipulates the following as its criteria on independence of outside officers.

<Independence Criteria for Outside Officers>

To judge the independence of outside directors and outside corporate auditors under the Companies Act, in addition to the requirements stipulated by Tokyo Stock Exchange, Inc., we confirm the following criteria for independent officers:

1) A major shareholder of the Group (holding 10% or more of voting rights either directly or indirectly), or a person who executes business for a major shareholder of the Group (*1)
2) A person/entity for which the Group is a major client, or a person who executes business for such person/entity (*2)
3) A major client of the Group or a person who executes business for such client (*3)
4) A person who executes business for a major lender of the Group (*4)
5) A representative employee or employee of the accounting auditor for the Group
6) A provider of expert services, such as a consultant, attorney at law, or certified public accountant, who receives cash or other assets exceeding ¥10 million in one (1) business year other than director/corporate auditor compensation from the Group
7) A person/entity receiving contributions from the Group exceeding ¥10 million in one (1) business year, or a person who executes business for such person/entity
8) A person to whom any one (1) of 1) to 7) above has applied in the past three (3) business years
9) Where any of 1) to 8) apply to a key person, the spouse or relative within two (2) degrees of kinship of such person (*5)
10) A person with a special reason other than the preceding items that will prevent the person from performing their duties as an independent outside officer, such as the potential for a conflict of interest with the Company

*1 A "person who executes business" means an executive director, executive officer, executive, or other employee, etc.

*2 A "person/entity for which the Group is a major client" means a person/entity who receives payments from the Group amounting to at least the higher of either 2% of their consolidated net sales or ¥100 million.

*3 A "major client of the Group" means a client that makes payments to the Group amounting to at least 2% of the Group's consolidated net sales.

*4 A "major lender of the Group" means a lender named as a major lender in the Group's Business Report.

*5 A "key person" means a director (excluding outside directors), corporate auditor (excluding outside corporate auditors), executive officer, executive, or other person in the rank of senior general manager or above, or a corporate officer corresponding to these positions.

The Company has registered six individuals with Tokyo Stock Exchange, Inc. as independent officers who pose no risk involving a conflict of interests with ordinary shareholders, including Ms. Shihoko Urushi, Mr. Hitoshi Kashiwaki and Ms. Atsuko Fukushima as outside directors, and Mr. Kazumine Terawaki, Ms. Mika Kumahira, and Mr. Akihiro Ito as outside corporate auditors.

◇ The Company's policy regarding the function and role played by outside officers for corporate governance

The Company elects outside directors and outside corporate auditors to ensure that the monitoring function provided to the management is objective and neutral, and receive opinions and guidance from them concerning the overall management of the Company from a standpoint independent from the Company.

The Company stipulates "Policies and procedures for election and dismissal of executives and nomination of director and corporate auditor candidates", based on which it nominates candidates. To fulfill the responsibilities as an outside officer of the Company, an outside officer may concurrently serve as an officer at other companies, and such concurrent officer positions at listed companies other than the Company shall be limited to three or fewer companies in principle.

The Company has received active opinions and guidance from outside directors and outside corporate auditors at the Board of Directors' meetings and the Nomination and Remuneration Committee meetings regarding overall management including management, legal affairs, overseas, human resource development, and ESG on the basis of objectivity and neutrality. The Company judges that the current system provides a sufficient monitoring function provided to the management of the Company from an outside perspective.

For "Policies and procedures for election and dismissal of executives and nomination of director and corporate auditor candidates", please refer to (d) Other matters concerning corporate governance of (1) Overview of corporate governance.

◇ Mutual coordination between supervision or audits by outside directors or outside corporate auditors, and internal audits, audits by corporate auditors and accounting audits; as well as relationships with the internal control division

Outside officers demonstrate supervisory functions mainly through participating in the Board of Directors' meetings and the Nomination and Remuneration Committee meetings (and the Audit & Supervisory Board meetings for outside corporate auditors). The Company works to enhance the provision of information and occasions to exchange opinions to outside officers in order to strengthen their supervisory functions.

Meetings are held between the Audit & Supervisory Board and the Representative Director, President and Chief Executive Corporate Officer of the Company on a regular basis. These meetings are utilized to exchange opinions regarding proposals covering the whole range of the Company's overall management. In addition, through participating in important meetings, reports from officers in charge and responsible personnel of each division, and on-site inspections, etc., outside officers understand the Company's situation and monitor how the Company's internal control system is maintained and operated. In addition, outside directors also participate in activities conducted by corporate auditors as part of performance audits and work to see the Company as it is. The Audit & Supervisory Board also receives an explanation of the audit plan from the accounting auditors at the start of the fiscal year, interviews them for the status of the audit as needed during the fiscal year, and receives a report of the audit result at the end of the fiscal year, in a collaborative manner. Furthermore, the Audit & Supervisory Board coordinates closely with the internal auditing unit through regular meetings and other events and through sharing broader information and opinions with each other to enhance the quality and efficiency of audits. Annual plans of audits by corporate auditors (as to basic policy and priority audit items, etc.) are shared at the Board of Directors.

Issues concerning and efforts made in connection with internal control, such as risk management, compliance and sustainability, are reported to the Board of Directors from time to time, where opinions are also exchanged with outside officers.

(3) Status of audits

(a) Status of corporate auditor audits

1) Organization, members

In the current fiscal year, the Audit & Supervisory Board consists of five members: two standing corporate auditors and three outside corporate auditors.

Each corporate auditor's attendance at the Audit & Supervisory Board meetings held during the current fiscal year is as follows:

Name	Background and experience	Attendance at Audit & Supervisory Board meetings for the current fiscal year
Standing Corporate Auditor Norimitsu Yamagata	He has expanded his knowledge about sound corporate growth through creating new value with the Group's technologies and driving initiatives toward preserving its brand value.	13/13 (100%)
Standing Corporate Auditor Hidekazu Oda	In addition to his broad operational experience in sales, corporate planning, and IR, as the General Manager of the Internal Audit Office of the Company, he has led and driven internal auditing and compliance throughout the Group in Japan and overseas and the evaluation of the effectiveness of internal control over financial reporting.	10/10 (100%)
Outside Corporate Auditor Emiko Takeishi	She provides opinions and suggestions on overall business management based on her experience in the sector of public administration and her broad knowledge about personnel systems and labor policies.	13/13 (100%)
Outside Corporate Auditor Kazumine Terawaki	He provides opinions and suggestions on overall business management, including internal control systems such as compliance and risk management, based on his specialist knowledge and broad insight as a legal expert.	12/13 (92%)
Outside Corporate Auditor Mika Kumahira	She provides opinions and suggestions on overall business management based on her experience in company management inside and outside of Japan and her broad knowledge about corporate transformation and leadership development.	13/13 (100%)

2) Status of main activities by corporate auditors and the Audit & Supervisory Board

The Audit & Supervisory Board meeting was generally held once a month for the current fiscal year in accordance with the Rules on Audit & Supervisory Board. Main issues considered and shared through deliberations and reporting are as follows:

Deliberated matters	The development of auditing policies and audit plans; the allocation of duties; consent to the proposal for the election of corporate auditors; decisions about audit reports by the Audit & Supervisory Board; the election of specified corporate auditors; decisions about the proposals for the election, non-election and dismissal of accounting auditors; consent to audit fees for accounting auditors; and other matters
Reported matters	Prior check of the Board of Directors' meeting agenda; the details of important management meetings including those of the Management Committee, the Compliance Committee, the Risk Management Committee, the Group Governance Committee, the Sustainability Committee and the Mid-term Business Strategy Committee; the results of site inspections on the offices of the Company and Group companies; the details of meetings with the internal auditing unit and liaison meetings among corporate auditors of the Group; audit plans, reviews and results by accounting auditors; and other matters

The Audit & Supervisory Board determines the auditing policies as well as the division of responsibilities among corporate auditors, and each corporate auditor complies with the Board's policy directives and sits in on meetings of the Board of Directors, Management Committee and other important management meetings. Corporate auditors hear business reports from individual directors and peruse the documents employed in the process of reaching decisions on important matters. They also physically or remotely visit the Head Office divisions, important offices, and subsidiaries, receive business reports, and investigate the status of operations and assets. Furthermore, the (two) standing corporate auditors also serve as corporate auditors for the main domestic subsidiaries (except for one listed subsidiary).

Meetings are held between the Audit & Supervisory Board and the Representative Director, President and Chief Executive Corporate Officer of the Company on a timely basis. These meetings are utilized to exchange opinions regarding proposals covering the whole range of the Company's business activities.

In light of the importance of the so-called three-pillar audit system (internal audits, corporate auditors' audits, and accounting audits), the Audit & Supervisory Board also receives an explanation of the audit plan from the accounting auditors at the start of the fiscal year, interviews them regarding the status of the audit as needed during the fiscal year, and receives a report of the audit results at the end of the fiscal year. The Audit & Supervisory Board discussed with Ernst & Young ShinNihon LLC regarding key audit matters arising from audits, received reports about how the audits were performed, and requested an explanation as needed. Furthermore, the Audit & Supervisory Board coordinates closely with the internal auditing unit through regular meetings and other events and through sharing broader information and opinions with each other to enhance the quality and efficiency of audits.

In addition, at the year-end, several evaluation items about the effectiveness of audit activities were submitted for exchanging opinions among corporate auditors, to reflect the outcome in the audit plan for the following fiscal year.

(b) Status of internal audits

The Company has set up an Internal Audit Office to act as its internal auditing unit with eleven staff members. The staff of the Internal Audit Office perform auditing – in line with the directives laid down in the audit plan for each year, as well as in accordance with requests received from the Representative Director, President and Chief Executive Corporate Officer, the director in charge of the Internal Audit Office or corporate auditors – to confirm that organized activities throughout the Group are being carried out properly and efficiently in conformity with laws and regulations, or in line with the Company's own internal regulations and the management's policies. If required, the Internal Audit Office cooperates with corporate auditors as well as accounting auditors by exchanging information and other actions. Auditing activities are also conducted in cooperation with staff members of the Company who are in charge of the auditing of matters relating to product quality, environmental protection, safety and labor.

(c) Status of accounting audit

a. Name of audit firm

Ernst & Young ShinNihon LLC

b. Successive audit period

1971 onward

c. Names & titles of CPAs

Yoshimi Kimura
Designated and Engagement Partner
Junichiro Tsuruta
Designated and Engagement Partner
Miyuki Nakamura
Designated and Engagement Partner

d. Composition of persons who assisted in audit work

Audit work for the Company during the current fiscal year was assisted by 46 persons, comprising 13 CPAs and 33 other persons.

e. Policy and reason for selection of audit firm

In accordance with the auditing standards for corporate auditors, the Company's Audit & Supervisory Board selected the audit firm having comprehensively considered the status of the execution of duties, the audit system, independence, expertise, and quality control systems of the accounting auditors, as well as whether the audit fees were rational and appropriate.

f. Evaluation of audit firm by the corporate auditors and the Audit & Supervisory Board

In addition to considering whether the audit firm qualifies under the standard given in the selection policy for accounting auditor, the Company's Audit & Supervisory Board also evaluated the audit firm from the perspective of appropriately carrying out communication with the management, corporate auditors, Accounting and Financing Division, and Internal Audit Office, etc., audits of the entire Group, and response to risk of fraud, etc. through regular auditing activities. As a result, the Audit & Supervisory Board determined that Ernst & Young ShinNihon LLC is qualified to be the accounting auditor.

(d) Fees for auditing certificated public accountants

a. Fees for auditing certificated public accountants

Classification	Previous fiscal year		Current fiscal year	
	Fees for audit or attestation services (millions of yen)	Fees for non-audit services (millions of yen)	Fees for audit or attestation services (millions of yen)	Fees for non-audit services (millions of yen)
The Company	99	2	99	2
Consolidated subsidiaries	29	–	28	–
Total	128	2	127	2

For services other than those provided in Article 2, Paragraph 1 of the Certified Public Accountants Law, the Company entrusts to the auditing certificated public accountants advisory services regarding preparation of the English-language financial statements, and pays fees to the auditing certificated public accountants for those services, in the previous fiscal year and current fiscal year.

b. Fees for Ernst & Young, part of the same network as the auditing certificated public accountants (excluding the fees in a. above)

Classification	Previous fiscal year		Current fiscal year	
	Fees for audit or attestation services (millions of yen)	Fees for non-audit services (millions of yen)	Fees for audit or attestation services (millions of yen)	Fees for non-audit services (millions of yen)
The Company	22	6	10	0
Consolidated subsidiaries	30	3	50	0
Total	52	10	61	1

For services other than those provided in Article 2, Paragraph 1 of the Certified Public Accountants Law, the Company entrusts to the auditing certificated public accountants advisory services regarding tax affairs, and pays fees to the auditing certificated public accountants for those services, in the previous fiscal year and current fiscal year. Furthermore, details of non-audit services at consolidated subsidiaries include entrustment of services related to tax affairs, and the consolidated subsidiaries pay fees to the auditing certificated public accountants for those services.

c. Other important details on fees for audit or attestation services

Not applicable.

d. Policy for determining fees for auditing

The fees to auditing certificated public accountants of the Company are determined based on a verification of the scope, content and days, etc. of the audit plan of the auditing certificated public accountants and approved by the Audit & Supervisory Board in accordance with the provisions of the Companies Act.

e. Reason for Audit & Supervisory Board's agreement with accounting auditors' fees

The Company's Audit & Supervisory Board examined whether the accounting auditors' audit plan, the status of execution of the accounting audit, and the grounds for estimation of the audit fee were appropriate. As a result, the fees and so forth for the accounting auditors were judged to be appropriate and the Board has agreed with them according to Article 399, Paragraph 1 of the Companies Act.

(4) Compensation of officers

(a) Policy concerning compensation amounts of officers and calculation method thereof

◇ Policy concerning compensation amounts of officers and calculation method thereof

The rationale and calculation methods with respect to compensation of the directors and corporate auditors have been deliberated at the Nomination and Remuneration Committee, and determined by a Board of Directors resolution as follows:

1) Rationale and procedures for compensation of officers, and corporate officers

a) The Company institutes a compensation system for compensation of directors and corporate officers that consists of monthly remuneration and bonuses, and the system is linked with the Company's performance and reflects their responsibilities and achievements.

b) The Company discusses the rationale (system design) at the meeting of Nomination and Remuneration Committee (an advisory body to the Board of Directors in which at least half of the Committee members are outside officers who satisfy "Independence Criteria" separately defined by the Company, and whose chairman is an outside director), and improves its objectivity, appropriateness and transparency.

c) The total amount of bonuses paid to directors and the amount paid to individual directors must be approved by the Board of Directors.

d) The amounts of compensations paid to outside directors and corporate auditors (inside and outside) shall respectively be fixed and no bonuses will be paid.

2) Calculation method for monthly remuneration

a) A monthly remuneration for director duties of inside directors will be paid at a flat rate; provided, however, that a separate, additional remuneration will be paid to the persons with representative authority.

b) The monthly remuneration for corporate officers should be set at a suitable level that takes into consideration the Company's management environment, etc. and corresponds to the rank (President, Senior Executive Corporate Officer, Executive Corporate Officer, and Senior Corporate Officer).

3) Calculation method for bonuses

a) The bonus amount is calculated according to the rank of the director and corporate officer, using such indicators as consolidated operating income and the degree of achievement of the target income of the areas they are responsible for and target themes in the Medium-term Business Plan.

b) During the respective fiscal years covered under the FY2021–FY2024 Medium-term Business Plan, the Company has set the weight of bonuses of President and Chief Executive Corporate Officer to 35% and other directors to 30% of the basic amount of total annual remuneration with the aim of establishing a structure that realizes sustainable growth of the Group. In addition, criteria and allocations with respect to performance evaluation indicators set for each director are to align with the intent of the Medium-term Business Plan.

c) The Company may increase or decrease the bonus amount paid for the final fiscal year of the Medium-term Business Plan by up to 30%, depending on the individual progress made in achieving the performance evaluation indicators (from economic, social, and employee perspectives) previously set for each director for the final fiscal year.

During the respective fiscal years covered under the FY2021–FY2024 Medium-term Business Plan, the Company has set the performance evaluation indicators and the allocation ratio as follows based on which directors' bonuses are calculated, to be aligned to the management goals set forth in the Medium-term Business Plan:

(Chairman, President, and Directors other than those in charge of markets)

Consolidated operating income (50%)	Target themes in the Medium-term Business Plan for each director (50%)

(Directors in charge of markets)

Consolidated operating income (30%)	Operating income of the area of responsibility (30%)	Target themes in the Medium-term Business Plan for each director (40%)

The amount of bonuses paid to each director is obtained by multiplying a base bonus amount for each corporate rank (fixed amount) by the rate of achievement of individual performance evaluation indicators, and multiplying the same amount by the rate of allocation, and calculating the total of these amounts.

The actual consolidated operating income, a performance evaluation indicator common to individual directors, was ¥25,433 million (up from the initial plan of ¥26,000 million). The achievement of target themes in the Medium-term Business Plan is evaluated within a range from 50% to 150%.

An individual bonus amount paid is reviewed and approved at the Nomination and Remuneration Committee by comparing with the calculation criteria in a fair and transparent manner, and therefore, the Board of Directors understands that the amount is consistent with the "Policy for Determining Compensation of Directors, Corporate Auditors, and Corporate Officers" and its calculation method.

◇ Mission and activities of the Nomination and Remuneration Committee

One of the duties assumed by the Nomination and Remuneration Committee from the Board of Directors is to deliberate on matters such as the evaluation standard for directors and corporate officers and the basic design of the compensation system, and to make resolutions on them as necessary.

In the current fiscal year, the Nomination and Remuneration Committee deliberated at its December 2022 meeting on the director evaluation and director bonus amounts (total amount and individual amounts).

(b) The total compensation of officers by type, total compensation by classification, and number of people receiving compensation

Type of officers	Total compensation (millions of yen)	Total compensation by classification (millions of yen)		Number of people receiving compensation
		Fixed compensation	Performance-linked compensation	
Directors (excluding outside directors)	235	162	73	7
Corporate auditors (excluding outside corporate auditors)	42	42	—	3
Outside officers	67	67	—	7

(Notes) 1. As for director compensation, the total of monthly compensation (a fixed amount for each corporate rank) and that of bonuses, and the amount paid to individual directors are determined at the Board of Directors. The limit amount for compensation of directors including bonuses was resolved to be within ¥500 million per year (within ¥80 million per year for outside directors) at the 108th Ordinary General Meeting of Shareholders held on February 25, 2021. The Company had nine directors including three outside directors at the conclusion of said General Meeting of Shareholders.

2. The monthly compensation amounts paid to individual corporate auditors are decided by consulting with corporate auditors. The limit amount for compensation of corporate auditors was resolved to be within ¥8 million per month at the 81st Ordinary General Meeting of Shareholders held on February 25, 1994. The Company had four corporate auditors at the conclusion of said General Meeting of Shareholders.
3. The above monthly compensation includes the payment made to two directors and one corporate auditor who resigned at the conclusion of the 109th Ordinary General Meeting of Shareholders.
4. The bonuses in the table above are for six directors excluding outside directors as of the end of the current fiscal year, and has been determined at the Board of Directors in consideration of the corporate performance, etc. of the current fiscal year and based on deliberation at the Nomination and Remuneration Committee. The ratio of the total bonus amount paid to directors against the sum of the base bonus amount (fixed amount for each corporate rank) for individual directors is 93.9%.
5. Besides the compensation amounts listed above, the employee salary (including bonuses) of those serving concurrently as employee and director is ¥15 million.

(5) Status of shareholdings

(a) Standards and rationale for classification of investment shares

The Company classifies investment shares held for the purpose of receiving profit through fluctuations in stock prices or dividends related to the shares as investment shares held for pure investment, and investment shares held for any other reason as investment shares held for purposes other than pure investment.

(b) Investment shares held for purposes other than pure investment

a. Holding policy and method to inspect justification for holding, and details of inspection made at a meeting of the Board of Directors, etc. related to the propriety of holding individual issues

The Company will maintain cross-shareholdings only in the case that they are deemed to assist in the continuous development and increase in corporate value in the medium to long term of the Group, taking maintenance and strengthening of relationships with business partners, and business operation requirements and economic justification into consideration. When inspecting the economic justification, the generation of necessary profits will be inspected using the cost of holding and transaction volume of each cross-shareholding, taking dividend income into consideration.

Furthermore, the Company inspects the significance of holding individual cross-shareholdings based on this standard for judgment every year at the meeting of the Board of Directors, and will proceed to sell issues that are judged to have little significance.

Based on an inspection by the Board of Directors, all shares of seven issues have been sold, and a portion of shares of two issues have been sold for the current fiscal year.

b. Number of issues and book value on the balance sheet

	Number of issues (issues)	Book value on the balance sheet (millions of yen)
Unlisted stocks	29	836
Stocks other than unlisted stocks	54	20,121

(Issues with which the number of shares increased during the current fiscal year)

	Number of issues (issues)	Total acquisition price related to the increase in shares	Reasons for the increase in shares
Unlisted stocks	—	—	—
Stocks other than unlisted stocks	11	12	Regular purchase at business partner shareholding association

(Issues with which the number of shares decreased during the current fiscal year)

	Number of issues (issues)	Total sale price related to the decrease in shares
Unlisted stocks	2	25
Stocks other than unlisted stocks	7	396

c. Number of specified investment shares and stocks regarded as holding shares by issuance name, and information related to the book value on the balance sheet

We perform a quantitative assessment on an individual issue basis to see the quantitative effects of holding it, but do not present the effects from the perspective of business confidentiality because the transaction volume of the issuer is used to calculate the effects.

In addition, the Board of Directors examines both qualitative and quantitative effects of holding individual issues every year based on the above section "(b) a. Holding policy and method to inspect justification for holding, and details of inspection made at a meeting of the Board of Directors, etc. related to the propriety of holding individual issues".

Specified investment shares

Issue	Current fiscal year Number of shares Book value on the balance sheet (millions of yen)	Previous fiscal year Number of shares Book value on the balance sheet (millions of yen)	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
NICHIREI CORPORATION	1,554,500	1,554,500	For the purpose of increasing future corporate value through mutual initiatives.	Yes
	4,323	4,043		
KATO SANGYO CO., LTD.	840,300	840,300	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	Yes
	2,936	2,663		
KIKKOMAN CORPORATION	374,000	374,000	For the purpose of maintaining and strengthening a stable purchasing relationship, and increasing future corporate value through mutual initiatives.	Yes
	2,887	3,238		
NISSHIN SEIFUN GROUP INC.	1,003,981	1,003,981	For the purpose of increasing future corporate value through mutual initiatives.	Yes
	1,621	1,642		
SAHA PATHANA INTER-HOLDING PUBLIC COMPANY LIMITED	5,719,331	5,719,331	For the purpose of maintaining and strengthening joint business operations overseas, and increasing future corporate value through mutual initiatives.	No
	1,550	1,256		
SAHA PATHANAPIBUL PUBLIC CO., LTD.	5,219,737	5,219,737	For the purpose of maintaining and strengthening joint business operations overseas, and increasing future corporate value through mutual initiatives.	No
	1,323	1,089		
Seven & i Holdings Co., Ltd.	124,600	124,600	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	695	567		
YOSHINOYA HOLDINGS CO., LTD.	297,932	297,833	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner	No
	691	662		
Sumitomo Mitsui Financial Group, Inc.	112,483	112,483	For the purpose of maintaining and strengthening a stable financial relationship, and increasing future corporate value through mutual initiatives.	No
	525	416		
Mitsubishi UFJ Financial Group, Inc.	495,500	495,500	For the purpose of maintaining and strengthening a stable financial relationship, and increasing future corporate value through mutual initiatives.	No
	374	297		

Issue	Current fiscal year Number of shares Book value on the balance sheet (millions of yen)	Previous fiscal year Number of shares Book value on the balance sheet (millions of yen)	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
Inageya Co., Ltd.	313,173 370	311,873 405	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner	Yes
Mizuho Financial Group, Inc.	180,720 310	180,720 253	For the purpose of maintaining and strengthening a stable financial relationship, and increasing future corporate value through mutual initiatives.	No
AEON CO., LTD.	77,508 218	75,746 200	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner	No
Morozoff Limited (Note)	60,000 215	30,000 158	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	Yes
TOHO Co., Ltd.	110,000 190	110,000 151	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	Yes
Dai-Ichi Life Holdings, Inc.	74,200 188	74,200 169	For the purpose of maintaining and strengthening a stable financial relationship, and increasing future corporate value through mutual initiatives.	No
TAKARA HOLDINGS INC.	125,000 133	125,000 152	For the purpose of increasing future corporate value through mutual initiatives.	Yes
The Nisshin OilliO Group, Ltd.	40,000 133	40,000 111	For the purpose of maintaining and strengthening a stable purchasing relationship, and increasing future corporate value through mutual initiatives.	Yes
Showa Sangyo Co., Ltd.	53,600 131	53,600 140	For the purpose of maintaining and strengthening a stable purchasing relationship, and increasing future corporate value through mutual initiatives.	Yes
Rengo Co., Ltd.	134,000 116	134,000 102	For the purpose of maintaining and strengthening a stable purchasing relationship, and increasing future corporate value through mutual initiatives.	Yes

Issue	Current fiscal year Number of shares Book value on the balance sheet (millions of yen)	Previous fiscal year Number of shares Book value on the balance sheet (millions of yen)	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
Central Forest Group, Inc.	61,525 111	61,078 116	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner	No
MARUICHI Co., Ltd.	101,835 109	101,068 103	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner	Yes
ITOCHU-SHOKUHIN Co., Ltd.	20,000 103	20,000 98	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	Yes
Sumitomo Mitsui Trust Holdings, Inc.	21,903 96	21,903 77	For the purpose of maintaining and strengthening a stable financial relationship, and increasing future corporate value through mutual initiatives.	No
internet infinity INC.	240,000 95	240,000 114	For the purpose of increasing future corporate value through mutual initiatives.	No
ARCS COMPANY, LIMITED	37,020 77	37,020 76	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
YUTAKA FOODS CORPORATION	31,200 62	31,200 58	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	Yes
VALOR HOLDINGS CO., LTD.	31,600 55	31,600 66	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
NAKAMURAYA CO., LTD.	14,700 45	14,700 52	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	Yes
KISOJI CO., LTD.	21,100 45	21,100 44	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No

Issue	Current fiscal year	Previous fiscal year	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares	Number of shares		
	Book value on the balance sheet (millions of yen)	Book value on the balance sheet (millions of yen)		
YAMAE GROUP HOLDINGS CO., LTD.	34,897	33,103	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner	Yes
	45	42		
LIFE CORPORATION	16,200	16,200	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	39	54		
KANSAI FOOD MARKET LTD.	26,739	26,299	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner	No
	37	48		
FUJI CO.,LTD.	18,100	18,100	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	33	34		
Satoh & Co., Ltd.	28,800	28,800	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	33	42		
J-OIL MILLS, INC.	16,400	16,400	For the purpose of maintaining and strengthening a stable purchasing relationship, and increasing future corporate value through mutual initiatives.	Yes
	24	27		
OIE SANGYO CO., LTD.	25,200	25,200	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	23	26		
HAGOROMO FOODS CORPORATION	6,774	6,689	For the purpose of increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner shareholding association.	Yes
	20	20		
MARUDAI FOOD CO., LTD.	11,932	11,746	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner	No
	17	16		
RETAIL PARTNERS CO., LTD.	12,600	22,300	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	15	27		

Issue	Current fiscal year Number of shares Book value on the balance sheet (millions of yen)	Previous fiscal year Number of shares Book value on the balance sheet (millions of yen)	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
YAMANAKA CO., LTD.	22,000 15	22,000 16	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
H2O RETAILING CORPORATION	12,285 14	12,285 9	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
Sagami Holdings Corporation	10,000 12	10,000 9	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
SHOKUBUN CO., LTD.	50,732 11	48,789 11	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner	No
FUJICCO CO., LTD.	4,000 7	4,000 7	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
HURXLEY CORPORATION	9,200 6	9,200 4	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
TOYO SUISAN KAISHA, LTD.	1,000 5	1,000 4	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	Yes
ALBIS Co., Ltd.	2,000 4	2,000 4	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
OOMITSU CO., LTD.	4,703 3	10,155 6	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
Olympic Group Corporation	5,500 2	5,500 3	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No

Issue	Current fiscal year	Previous fiscal year	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares	Number of shares		
	Book value on the balance sheet (millions of yen)	Book value on the balance sheet (millions of yen)		
Maruyoshi Center Inc.	1,000	1,000	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	2	2		
YAMATO HOLDINGS CO., LTD.	1,000	1,000	For the purpose of increasing future corporate value through mutual initiatives.	Yes
	2	2		
KEY COFFEE INC	1,000	1,000	For the purpose of increasing future corporate value through mutual initiatives.	No
	2	1		

(Note) The above number of shares of Morozoff Limited is after the share split of common stock on a 2-for-1 basis, effective on February 1, 2022.

Stocks regarded as holding shares

Issue	Current fiscal year	Previous fiscal year	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares	Number of shares		
	Book value on the balance sheet (millions of yen)	Book value on the balance sheet (millions of yen)		
TOYO SUISAN KAISHA, LTD.	728,000	728,000	For the purpose of maintaining and strengthening a stable business relationship.	Yes
	4,200	3,348		
Seven & i Holdings Co., Ltd.	485,000	485,000	For the purpose of maintaining and strengthening a stable business relationship.	No
	2,705	2,208		
Kyowa Kirin Co., Ltd.	475,000	475,000	For the purpose of increasing future corporate value through mutual initiatives.	No
	1,508	1,505		
SUMITOMO CORPORATION	654,000	654,000	For the purpose of increasing future corporate value through mutual initiatives.	No
	1,469	1,011		
Mitsubishi Shokuhin Co., Ltd.	299,000	299,000	For the purpose of maintaining and strengthening a stable business relationship.	No
	971	804		

Issue	Current fiscal year Number of shares Book value on the balance sheet (millions of yen)	Previous fiscal year Number of shares Book value on the balance sheet (millions of yen)	Purpose of holding, quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
AEON CO., LTD.	220,000 621	220,000 581	For the purpose of maintaining and strengthening a stable business relationship.	No
YAMATO HOLDINGS CO., LTD.	219,000 506	219,000 552	For the purpose of increasing future corporate value through mutual initiatives.	Yes

(Notes) 1. Specified investment shares and stocks regarded as holding shares are not added together at the stage of selecting the top issues in terms of book value on the balance sheet.

2. Stocks regarded as holding shares are put into a trust to cover retirement benefit obligations. The amounts presented in the "Book value on the balance sheet" column are obtained by multiplying the market value as of the end of the current fiscal year by the number of shares that confer the power to exercise voting rights. The information presented in the "Purpose of shareholding" column describes the power the Company holds with respect to such shares.

(c) Investment shares for pure investment purposes

Not applicable.

V. Financial Information

1. Preparation of the consolidated financial statements

The consolidated financial statements of the Company were prepared in accordance with the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Order of the Ministry of Finance No. 28 of 1976).

2. Audit

The audits were performed by Ernst & Young ShinNihon LLC on the consolidated financial statements for the fiscal year (from December 1, 2021 to November 30, 2022) in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Law.

3. Special measures for ensuring appropriateness of consolidated financial statements

The Company carries out special measures for ensuring appropriateness of consolidated financial statements. Specifically, for the purpose of both ensuring that the Company has an appropriate grasp of the contents of the accounting standards, and establishing a system by which it is possible to accurately respond to changes in accounting standards, the Company became a member of the Financial Accounting Standards Foundation, deepens its understanding of accounting standards and takes measures in response to new accounting standards.

Consolidated Financial Statements

(1) Consolidated financial statements

(a) Consolidated Balance Sheets

(Millions of yen)

		Previous fiscal year (As of November 30, 2021)		Current fiscal year (As of November 30, 2022)
Assets				
Current assets				
Cash and deposits		58,343		57,825
Notes and accounts receivable – trade	*1	56,875	*1	59,414
Securities		10,000		10,000
Purchased goods and products		18,277		20,867
Work in process		1,369		2,659
Raw materials and supplies		10,419		13,551
Other		2,303		3,524
Allowances for doubtful accounts		(137)		(115)
Total current assets		157,451		167,726
Fixed assets				
Tangible fixed assets				
Buildings and structures	*4	157,939	*4	162,131
Accumulated depreciation		(93,161)		(97,130)
Net book value		64,777		65,001
Machinery, equipment and vehicles	*4	149,308	*4	153,551
Accumulated depreciation		(106,897)		(111,171)
Net book value		42,411		42,379
Land	*4	30,850	*4	30,529
Lease assets		5,562		5,544
Accumulated depreciation		(1,713)		(2,048)
Net book value		3,848		3,496
Construction in progress		2,488		3,446
Other	*4	12,497	*4	13,223
Accumulated depreciation		(10,340)		(11,027)
Net book value		2,157		2,196
Total tangible fixed assets		146,532		147,050
Intangible fixed assets				
Goodwill		552		364
Software		10,979		13,768
Other		1,771		1,506
Total intangible fixed assets		13,303		15,639
Investments and other assets				
Investment securities	*2	43,629	*2	45,633
Long-term loans receivable		973		850
Assets for retirement benefits		11,128		18,656
Deferred tax assets		2,981		2,749
Other	*2	5,123	*2	5,198
Allowances for doubtful accounts		(120)		(119)
Total investments and other assets		63,715		72,969
Total fixed assets		223,552		235,658
Total assets		381,003		403,384

(Millions of yen)

	Previous fiscal year (As of November 30, 2021)	Current fiscal year (As of November 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	28,015	33,051
Short-term loans payable	11,591	3,058
Accounts payable – other	17,908	17,001
Accrued expenses	1,691	2,118
Accrued income taxes	4,182	2,157
Reserves for bonuses	1,442	1,487
Reserves for directors' bonuses	86	74
Other	*5 6,281	*5 6,303
Total current liabilities	71,199	65,252
Non-current liabilities		
Bonds	10,000	10,000
Long-term loans payable	16,356	16,070
Lease obligations	3,780	3,337
Deferred tax liabilities	5,856	9,558
Liabilities for retirement benefits	2,750	2,840
Asset retirement obligations	221	267
Other	1,537	1,434
Total non-current liabilities	40,502	43,508
Total liabilities	111,702	108,761
Net assets		
Shareholders' equity		
Paid-in capital	24,104	24,104
Capital surplus	28,632	28,634
Earned surplus	194,015	203,515
Treasury stock	(5,838)	(5,840)
Total shareholders' equity	240,913	250,413
Accumulated other comprehensive income		
Unrealized holding gains (losses) on securities	8,690	9,348
Unrealized gains (losses) on hedges	8	(1)
Foreign currency translation adjustments	(962)	5,911
Accumulated adjustments for retirement benefits	(3,008)	1,985
Total accumulated other comprehensive income	4,727	17,244
Non-controlling interests	23,660	26,965
Total net assets	269,301	294,623
Total liabilities and net assets	381,003	403,384

(b) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

		Previous fiscal year (From December 1, 2020 to November 30, 2021)		Current fiscal year (From December 1, 2021 to November 30, 2022)
Net sales		407,039	*1	430,304
Cost of sales	*2	282,807	*2	306,114
Gross profit		124,232		124,189
Selling, general and administrative expenses	*3, *4	96,260	*3, *4	98,755
Operating income		27,972		25,433
Non-operating income				
Interest income		122		253
Dividends income		410		458
Equity in earnings of affiliates		998		928
Other		995		843
Total non-operating income		2,527		2,483
Non-operating expenses				
Interest expenses		241		255
Electricity sale expenses		65		84
Other		494		328
Total non-operating expenses		801		668
Ordinary income		29,698		27,249
Extraordinary gains				
Gain on sales of shares of subsidiaries and associates	*5	291	*5	1,288
Gains on sales of investment securities		327		256
Gains on sales of fixed assets	*6	459	*6	39
Gains on extinguishment of tie-in shares		364		—
Other		43		0
Total extraordinary gains		1,486		1,585
Extraordinary losses				
Losses on disposal of fixed assets	*7	1,087	*7	1,129
Impairment losses	*8	1,097	*8	908
Other		138		166
Total extraordinary losses		2,323		2,203
Profit before income taxes		28,860		26,630
Income taxes		8,329		6,774
Income taxes – deferred		260		1,489
Total income taxes		8,590		8,264
Profit		20,269		18,366
Profit attributable to non-controlling interests		2,255		2,332
Profit attributable to owners of parent		18,014		16,033

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
Profit	20,269	18,366
Other comprehensive income		
Unrealized holding gains (losses) on securities	(147)	638
Unrealized gains (losses) on hedges	22	(23)
Foreign currency translation adjustments	2,772	7,894
Adjustments for retirement benefits	1,219	4,968
Share of other comprehensive income of entities accounted for using equity method	409	790
Total other comprehensive income	* 4,277	* 14,268
Comprehensive income	24,546	32,635
(Breakdown)		
Comprehensive income attributable to owners of parent	21,591	28,550
Comprehensive income attributable to non-controlling interests	2,955	4,084

(c) Consolidated Statements of Changes in Net Assets

Previous fiscal year (From December 1, 2020 to November 30, 2021)

(Millions of yen)

	Shareholders' equity				
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of the current fiscal year	24,104	28,647	201,705	(15,865)	238,592
Changes of items during the fiscal year					
Dividends from surplus			(5,665)		(5,665)
Profit attributable to owners of parent			18,014		18,014
Purchase of treasury stock				(10,004)	(10,004)
Cancellation of treasury stock			(20,031)	20,031	—
Sales of shares of consolidated subsidiaries					
Change in ownership interest of parent due to transactions with non-controlling interests		(15)			(15)
Change of scope of consolidation			(8)		(8)
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	—	(15)	(7,690)	10,026	2,320
Balance at the end of the current fiscal year	24,104	28,632	194,015	(5,838)	240,913

	Accumulated other comprehensive income						
	Unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehen-sive income	Non-controlling interests	Total net assets
Balance at the beginning of the current fiscal year	8,882	(4)	(3,411)	(4,315)	1,151	47,612	287,356
Changes of items during the fiscal year							
Dividends from surplus							(5,665)
Profit attributable to owners of parent							18,014
Purchase of treasury stock							(10,004)
Cancellation of treasury stock							—
Sales of shares of consolidated subsidiaries							—
Change in ownership interest of parent due to transactions with non-controlling interests							(15)
Change of scope of consolidation							(8)
Net changes of items other than shareholders' equity	(192)	12	2,448	1,306	3,576	(23,952)	(20,376)
Total changes of items during the fiscal year	(192)	12	2,448	1,306	3,576	(23,952)	(18,055)
Balance at the end of the current fiscal year	8,690	8	(962)	(3,008)	4,727	23,660	269,301

Current fiscal year (From December 1, 2021 to November 30, 2022)

(Millions of yen)

	Shareholders' equity				
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of the current fiscal year	24,104	28,632	194,015	(5,838)	240,913
Changes of items during the fiscal year					
Dividends from surplus			(6,533)		(6,533)
Profit attributable to owners of parent			16,033		16,033
Purchase of treasury stock				(1)	(1)
Cancellation of treasury stock					
Sales of shares of consolidated subsidiaries		(4)			(4)
Change in ownership interest of parent due to transactions with non-controlling interests		6			6
Change of scope of consolidation					
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	—	2	9,500	(1)	9,500
Balance at the end of the current fiscal year	24,104	28,634	203,515	(5,840)	250,413

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the current fiscal year	8,690	8	(962)	(3,008)	4,727	23,660	269,301
Changes of items during the fiscal year							
Dividends from surplus							(6,533)
Profit attributable to owners of parent							16,033
Purchase of treasury stock							(1)
Cancellation of treasury stock							—
Sales of shares of consolidated subsidiaries							(4)
Change in ownership interest of parent due to transactions with non-controlling interests							6
Change of scope of consolidation							—
Net changes of items other than shareholders' equity	657	(9)	6,874	4,994	12,516	3,305	15,821
Total changes of items during the fiscal year	657	(9)	6,874	4,994	12,516	3,305	25,322
Balance at the end of the current fiscal year	9,348	(1)	5,911	1,985	17,244	26,965	294,623

(d) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
Cash flows from operating activities		
Profit before income taxes	28,860	26,630
Depreciation and amortization	15,336	16,062
Impairment losses	1,097	908
Amortization of goodwill	198	187
Retirement benefit expenses	883	541
Equity in losses (earnings) of affiliates	(998)	(928)
Losses (gains) on extinguishment of tie-in shares	(364)	–
Losses (gains) on valuation of investment securities	7	–
Increase (decrease) in liabilities for retirement benefits	(146)	0
Decrease (increase) in assets for retirement benefits	(186)	(983)
Increase (decrease) in reserves for directors' bonuses	(16)	(12)
Increase (decrease) in reserves for bonuses	221	(114)
Increase (decrease) in allowances for doubtful accounts	(179)	(32)
Interest and dividends income	(532)	(712)
Interest expenses	241	255
Losses (gains) on sales of investment securities	(326)	(256)
Losses (gains) on sales of shares of subsidiaries	(278)	(1,288)
Losses (gains) on sales and disposal of fixed assets	707	1,112
Decrease (increase) in notes and accounts receivable – trade	(408)	(1,320)
Decrease (increase) in inventories	(2,775)	(5,949)
Increase (decrease) in notes and accounts payable – trade	613	4,337
Increase (decrease) in accounts payable – other	663	(940)
Increase (decrease) in accrued consumption taxes	3,887	(1,623)
Increase (decrease) in long-term accounts payable	(160)	–
Other	(1,020)	231
Sub-total	45,323	36,106
Interest and dividends income received	835	1,013
Interest paid	(242)	(245)
Income taxes paid	(7,383)	(9,674)
Net cash provided by (used in) operating activities	38,533	27,199

(Millions of yen)

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
Cash flows from investing activities		
Purchases of tangible fixed assets	(7,743)	(12,482)
Purchases of intangible fixed assets	(3,842)	(4,323)
Purchases of investment securities	(18)	(117)
Proceeds from sales of investment securities	591	440
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	5	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(8,801)	—
Proceeds from sales of shares of subsidiaries and associates	—	1,498
Net decrease (increase) in short-term loans receivable	78	130
Payments of long-term loans receivable	(3)	(113)
Collection of long-term loans receivable	81	98
Payments into time deposits	(2,058)	(1,823)
Proceeds from withdrawal of time deposits	1,482	1,197
Other	(50)	(453)
Net cash provided by (used in) investing activities	(20,277)	(15,947)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(455)	1,388
Repayment of lease obligations	(642)	(647)
Proceeds from long-term loans payable	495	15
Repayment of long-term loans payable	(1,481)	(10,301)
Cash dividends paid	(5,665)	(6,533)
Cash dividends paid to non-controlling interests	(1,441)	(1,230)
Purchase of treasury stock	(10,004)	(1)
Proceeds from sales of shares of subsidiaries that do not result in change in scope of consolidation	—	441
Proceeds from withdrawal of deposits with withdrawal restrictions	492	55
Net cash provided by (used in) financing activities	(18,701)	(16,812)
Effects of exchange rate changes on cash and cash equivalents	1,322	4,192
Increase (decrease) in cash and cash equivalents	875	(1,367)
Cash and cash equivalents at the beginning of the fiscal year	65,777	66,703
Increase in cash and cash equivalents from newly consolidated subsidiary	47	—
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	2	—
Cash and cash equivalents at the end of the fiscal year	* 66,703	* 65,335

Notes

Significant Matters Forming the Basis for the Preparation of Consolidated Financial Statements

1. Consolidated subsidiaries

The Company has forty-six (46) consolidated subsidiaries. The significant consolidated subsidiaries are Kewpie Egg Corporation, Deria Foods Co., Ltd., Kewpie Jyozo Co., Ltd., Salad Club, Inc., Aohata Corporation, Hangzhou Kewpie Corporation, BEIJING KEWPIE CO., LTD. and Q&B FOODS, INC.

Among the eleven (11) non-consolidated subsidiaries, the principal one is Kewpie-Egg World Trading U.S.A. Inc. These companies are excluded from consolidation, because each of the amount of their total assets, net sales, profit and loss and earned surplus (based on the Company's ownership percentage) does not have a significant effect on the consolidated financial statements of the Company.

2. Application of the equity method

An equity method is applied to the investments in seventeen (17) affiliated companies. The significant affiliate under the equity method is KRS.

The investments in Kewpie-Egg World Trading U.S.A. Inc. and eleven other non-consolidated subsidiaries, as well as EGG TRUST JAPAN K.K. and nine other affiliated companies are not accounted for by the equity method, since each of the amounts of profit and loss and earned surplus (based on the Company's ownership percentage) does not have a significant effect on the consolidated financial statements of the Company.

3. Fiscal years of consolidated subsidiaries

Among consolidated subsidiaries of the Company, the fiscal year end of nine foreign consolidated subsidiaries is September 30 and that of six foreign consolidated subsidiaries is December 31.

Six foreign subsidiaries whose fiscal year end is December 31 are consolidated based on their provisional financial statements closing as at September 30. Other nine foreign subsidiaries are consolidated based on the financial statements as at their fiscal year end.

However, significant transactions of those subsidiaries recognized during the period after their provisional financial closing (September 30) to the fiscal year end of the Company's consolidated financial statements (November 30) are reflected in the consolidated financial statements.

4. Accounting policies

(1) Basis and method of valuation of significant assets

(a) Securities

1. Held-to-maturity bonds are stated at amortized cost (by the straight-line method).
2. Shares in subsidiaries and affiliated companies not subject to the equity method are stated at cost, determined by the moving average method.
3. Other securities other than stocks, etc. without market value are stated at fair value. (Revaluation differences are all transferred directly to net assets. Selling costs are calculated by the moving average method.) Stocks, etc. without market value are stated at cost, determined by the moving average method.

(b) Derivatives

Stated at fair value.

Hedge accounting is applied to hedge transactions that meet the requirements thereof.

(c) Inventories

Purchased goods and products, work in process, raw materials and supplies are principally stated at moving average cost (the method to write off a book value to reflect a decreased profitability).

(2) Depreciation and amortization of significant depreciable and amortizable assets

(a) Tangible fixed assets (excluding lease assets)

Tangible fixed assets are depreciated by the straight-line method.

The main useful lives are as follows.

Buildings and structures:	2–50 years
Machinery, equipment and vehicles:	2–10 years

(b) Intangible fixed assets (excluding lease assets)

Intangible fixed assets are amortized by the straight-line method.

The main useful life is as follows.

Software:	5–10 years

(c) Lease assets

Lease assets in finance lease transactions other than those which are deemed to transfer the ownership of lease assets to lessees are calculated by the straight-line method by considering the lease period to be useful life and the residual value to be zero.

Foreign consolidated subsidiaries that adopted IFRS have applied IFRS 16 "Leases". Under IFRS 16, lessees, in principle, record all leases as assets and liabilities on the balance sheets, and the straight-line method is adopted for depreciation of right-of-use assets recorded under assets.

(3) Accounting standards for significant allowances

(a) Allowances for doubtful accounts

To provide for losses on bad debts, the Group sets aside an estimated uncollectable amount, by taking into consideration the possible credit loss rate in the future based on the actual loss rate in respect of general credits, and the particular possibilities of collection in respect of possible non-performing credits and other specific claims.

(b) Reserves for bonuses

To provide for the payment of bonuses to employees, reserves for bonuses are provided according to the expected amount of the payment which attributes to the current fiscal year.

(c) Reserves for directors' bonuses

To provide for the payment of bonuses to directors, reserves for directors' bonuses are provided according to the estimated amounts payable at the end of the current fiscal year.

(4) Accounting standards for significant revenues and expenses

The Group's main businesses are "Retail Market Business", "Food Service Business", "Overseas Business", "Fruit Solutions Business" and "Fine Chemicals Business".

(a) Retail Market

Revenue is recorded from sales of merchandise or products that include mayonnaise, dressings, pasta sauces, salads, delicatessen foods, packaged salads, baby foods and nursing care foods in the retail market. In the cases that the control over merchandise or products should be transferred to the customer within a normal delivery period, revenue is recognized at the time of shipment. In addition, revenue is measured at an amount calculated by deducting sales returns, discounts, rebates, etc. from consideration promised in a contract with the customer, and does not contain any significant interest component.

(b) Food Service

Revenue is recorded from sales of merchandise or products that include mayonnaise, dressings, vinegar, liquid egg, frozen egg, dried egg and egg processed foods in the food service market. In the cases that the control over merchandise or products should be transferred to the customer within a normal delivery period, revenue is recognized at the time of shipment. In addition, revenue is measured at an amount calculated by deducting sales returns, discounts, rebates, etc. from consideration promised in a contract with the customer, and does not contain any significant interest component.

(c) Overseas

Revenue is recorded from sales of merchandise or products that include mayonnaise and dressings in the overseas markets which include China, Southeast Asia and North America. Revenue is recognized at the time when merchandise or products are delivered. However, revenue from export sales is recognized at the time when risk is transferred to the customer based on the trade terms provided for in the Incoterms and others. In addition, revenue is measured at an amount calculated by deducting sales returns, discounts, rebates, etc. from consideration promised in a contract with the customer, and does not contain any significant interest component.

(d) Fruit Solutions

Revenue is recorded from sales of merchandise or products that include jams for household-use and fruit processed foods for industrial use. In the cases that the control over merchandise or products should be transferred to the customer within a normal delivery period, revenue is recognized at the time of shipment. In addition, revenue is measured at an amount calculated by deducting sales returns, discounts, rebates, etc. from consideration promised in a contract with the customer, and does not contain any significant interest component.

(e) Fine Chemicals

Revenue is recorded from sales of merchandise or products that include hyaluronic acid and egg yolk lecithin used as an ingredient for pharmaceuticals, cosmetics and food products. In the cases that the control over merchandise or products should be transferred to the customer within a normal delivery period, revenue is recognized at the time of shipment. In addition, revenue is measured at an amount calculated by deducting sales returns, discounts, rebates, etc. from consideration promised in a contract with the customer, and does not contain any significant interest component.

(5) Accounting for retirement benefits

(a) Periodic allocation method for projected retirement benefits

In calculating retirement benefit obligations, the method of allocating the projected retirement benefits to the period up to the end of the current fiscal year is the benefit formula basis.

(b) Method of accounting for actuarial gains or losses and prior service costs

Prior service costs are amortized by the straight-line method principally over twelve (12) years based on the average remaining employees' service years at the time of accrual.

Actuarial gains or losses are amortized by the straight-line method principally over twelve (12) years based on the average remaining employees' service years at each fiscal year, and their amortizations start from the next fiscal year of the respective accrual years.

In addition, if the amount of pension plan assets exceeds that of retirement benefit obligations for pension plan, it is recorded as assets for retirement benefits on the consolidated balance sheet.

(6) Significant methods of hedge accounting

(a) Hedge accounting method

Deferral hedge is adopted in hedge accounting.

Allocation method is adopted for transactions that meet the requirements for that method.

(b) Hedging instruments

Hedging instruments are forward exchange contracts.

(c) Hedged items

Hedged items are purchase transactions in foreign currencies.

(d) Hedging policy

The Company enters into forward exchange contracts to hedge risks from fluctuations in foreign exchange rates.

In addition, the Group never makes use of them for the purpose of speculative transactions.

(e) Assessment of the effectiveness of hedge accounting

Control procedures of hedge transactions are executed according to the Company's internal rules. The effectiveness of the hedge is analyzed by comparing movements in the fair value of hedged items with those of hedging instruments, assessed and strictly controlled.

(7) Method and period for amortization of goodwill

Goodwill is amortized on a straight-line basis over its estimated useful life during which its effect will be realized. However, goodwill is expensed as incurred if immaterial.

(8) Scope of cash in the consolidated statements of cash flows

Cash in the consolidated statements of cash flows (cash and cash equivalents) consists of cash in hand, bank deposits which can be withdrawn freely, and short-term investments which can be easily converted into cash and matures within three months from the acquisition date on which they are at little risk of changes in value.

(Significant accounting estimates)

Valuation of fixed assets of Kewpie Egg Corporation

For fixed assets on certain asset groups of Kewpie Egg Corporation, an indicator of impairment was identified, as a result of the effects of a decrease in demand due to COVID-19, a rise in the price of eggs used as an ingredient, and a significant drop in the market price of land. The Company assessed whether impairment losses should be recognized. For asset groups whose undiscounted future cash flows were lower than the book value of the fixed assets, the book value was reduced to a recoverable amount, and the relevant reduced amount was recorded as impairment losses.

1. Amount recorded in consolidated financial statements for the current fiscal year

	Previous fiscal year	Current fiscal year
Book value of fixed assets on relevant asset groups	¥10,896 million	¥4,446 million
Impairment losses	¥－ million	¥837 million

2. Information on the content of significant accounting estimates for identified items

(1) Method for calculating estimated future cash flows and major assumptions

In recognizing and measuring impairment losses, future cash flows were calculated based on business plan, which were formulated incorporating sales volume and gross margin per unit as major assumptions, on the premise of a modest recovery of demand in the restaurant sector in conjunction with a subsiding trend of COVID-19 and stable balance between egg supply and demand as a result of a decrease in occurrence of avian influenza.

(2) Impact on consolidated financial statements for the next fiscal year

If business performance declines due to the re-spread of COVID-19 and the effects of avian influenza, and consequently actual results deviate from an estimated amount of future cash flows, impairment losses could be recorded.

(Changes in accounting policies)

Adoption of accounting standard for revenue recognition, etc.

The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant guidance of Accounting Standards Board of Japan ("ASBJ") effective from the beginning of the current fiscal year, and revenue is recognized at the time the control over the promised goods or services is transferred to the customer at the amount of the consideration for the performance of the obligation to deliver the relevant goods or services.

The Group has adopted the alternative accounting treatment stipulated in Paragraph 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" for domestic sales of merchandise or products, and recognizes revenue at the time of shipment in the cases that the control over merchandise or products should be transferred to the customer within a normal delivery period after shipment.

With respect to the adoption of the Accounting Standard for Revenue Recognition and relevant ASBJ guidance, the Company follows the transitional treatment rule provided for in the proviso to Paragraph 84 of the Accounting Standard for Revenue Recognition. Such that (i) the cumulative effect of the retrospective adoption (assuming the new accounting policy had been adopted to periods prior to the beginning of the current fiscal year) was added to or subtracted from the opening balance of earned surplus of the current fiscal year, and (ii) the new accounting policy was adopted from the beginning of the current fiscal year with the adjusted opening balance of earned surplus.

As a result, the effect of this adoption on net sales for the current fiscal year was immaterial, and there was no impact on the balance of earned surplus at the beginning of the current fiscal year. In addition, there is no impact on per share information.

Due to the adoption of the Accounting Standard for Revenue Recognition and relevant ASBJ guidance, "Reserves for sales rebates" and a part of "Accrued expenses" recorded under "Current liabilities" of the consolidated balance sheet for the previous fiscal year have been included in "Other" as "Refund obligation" under "Current liabilities" from the current fiscal year. In addition, "Other reserves" previously recorded under "Current liabilities" and "Advances received" previously recorded in "Other" under "Current liabilities" have been included in "Other" as "Contract liabilities" under "Current liabilities" from the current fiscal year.

In accordance with the transitional treatment prescribed in the Paragraph 89-3 of the Accounting Standard for Revenue Recognition, notes on revenue recognition related to the previous fiscal year have not been provided.

Adoption of accounting standard for fair value measurement, etc.

The Company has adopted the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ guidance from the beginning of the current fiscal year, and it has adopted the new accounting policy provided for by the Accounting Standard for Fair Value Measurement and relevant ASBJ guidance prospectively according to the transitional treatment provided for in Paragraph 19 of the Accounting Standard for Fair Value Measurement, and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). There is no impact of this adoption on the consolidated financial statements.

Moreover, in the note to "Financial Instruments", the Company has decided to provide notes on breakdown of fair value of financial instruments by level. However, in accordance with the transitional treatment prescribed in Paragraph 7-4 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, July 4, 2019), information related to the previous fiscal year has not been provided in the note.

(Accounting standards not yet adopted)

Foreign consolidated subsidiaries applying the U.S. Generally Accepted Accounting Principles (GAAP)

ASU 2016-02 "Leases"

(1) Summary

This accounting standard requires lessees, in principle, to recognize all leases as assets and liabilities, and so forth.

(2) Timing of adoption

The Group will adopt ASU 2016-02 from the beginning of the fiscal year ending November 30, 2023.

(3) Effect of adoption of accounting standards

The effect of adopting "Leases" on the consolidated financial statements is immaterial.

(Changes in presentation)

(Consolidated balance sheets)

Due to the adoption of the Accounting Standard for Revenue Recognition and relevant ASBJ guidance, "Reserves for sales rebates" and a part of "Accrued expenses" recorded under "Current liabilities" for the previous fiscal year have been included in "Other" as "Refund obligation" under "Current liabilities" from the current fiscal year. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, ¥2,930 million, which had been presented in "Accrued expenses", and ¥741 million, which had been presented in "Reserves for sales rebates" under "Current liabilities" in the consolidated balance sheet for the previous fiscal year, were reclassified as "Other".

Due to the adoption of the Accounting Standard for Revenue Recognition and relevant ASBJ guidance, "Other reserves" recorded under "Current liabilities" for the previous fiscal year has been included in "Other" as "Contract liabilities" under "Current liabilities" from the current fiscal year. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, ¥58 million, which had been presented in "Other reserves" under "Current liabilities" in the consolidated balance sheet for the previous fiscal year, was reclassified as "Other".

(Consolidated Statements of Income)

"Insurance income" under "Non-operating income", which was presented as a separate item in the previous fiscal year, has been included in "Other" from the current fiscal year, because it now accounts for 10% or less of total non-operating income. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, in the consolidated statement of income, ¥195 million, which was presented in "Insurance income" under "Non-operating income" in the previous fiscal year was reclassified as "Other".

"Commission expenses" under "Non-operating expenses", which was presented as a separate item in the previous fiscal year, has been included in "Other" from the current fiscal year, because it now accounts for 10% or less of total non-operating expenses. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, in the consolidated statement of income, ¥96 million, which was presented in "Commission expenses" under "Non-operating expenses" in the previous fiscal year was reclassified as "Other".

"Business commencement expenses" under "Non-operating expenses", which was presented as a separate item in the previous fiscal year, has been included in "Other" from the current fiscal year, because it now accounts for 10% or less of total non-operating expenses. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, in the consolidated statement of income, ¥72 million, which was presented in "Business commencement expenses" under "Non-operating expenses" in the previous fiscal year was reclassified as "Other".

"Electricity sale expenses" included in "Other" under "Non-operating expenses" in the previous fiscal year, has been presented as a separate item under "Non-operating expenses" from the current fiscal year, because it now accounts for more than 10% of total non-operating expenses. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, in the consolidated statement of income, ¥65 million, which was presented in "Other" under "Non-operating expenses" in the previous fiscal year was reclassified as "Electricity sale expenses".

"Losses on sales of shares of subsidiaries" under "Extraordinary losses", which was presented as a separate item in the previous fiscal year, has been included in "Other" from the current fiscal year, because it now accounts for 10% or less of total extraordinary losses. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, in the consolidated statement of income, ¥13 million, which was presented in "Losses on sales of shares of subsidiaries" under "Extraordinary losses" in the previous fiscal year, was reclassified as "Other".

(Consolidated Statements of Cash Flows)

Due to the adoption of the Accounting Standard for Revenue Recognition and relevant ASBJ guidance, "Increase (decrease) in reserves for sales rebates" under "Cash flows from operating activities", which was presented as a separate item in the previous fiscal year, has been included in "Other" under "Cash flows from operating activities" as "Increase (decrease) in refund obligation" from the current fiscal year. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, in the consolidated statement of cash flows, ¥(5) million, which was presented in "Increase (decrease) in reserves for sales rebates" under "Cash flows from operating activities" in the previous fiscal year, has been reclassified as "Other".

Consolidated Balance Sheets

*1 Notes receivable - trade and accounts receivable - trade include receivables arising from contracts with customers as follows:

	Previous fiscal year (As of November 30, 2021)		Current fiscal year (As of November 30, 2022)	
Notes receivable - trade	¥	17 million	¥	24 million
Accounts receivable - trade	¥	56,858 million	¥	59,390 million

*2 Investments in unconsolidated subsidiaries and affiliated companies are as follows:

	Previous fiscal year (As of November 30, 2021)		Current fiscal year (As of November 30, 2022)	
Investment securities (stocks)	¥	21,802 million	¥	23,269 million
Other (Investments in capital)	¥	348 million	¥	348 million

*3 Contingent liabilities

Loans from financial institutions, that the Group guarantees under joint signature for employees are as follows:

Guarantee obligations

	Previous fiscal year (As of November 30, 2021)		Current fiscal year (As of November 30, 2022)	
Employees (loan)	¥	189 million	¥	163 million

*4 Amount of reduction entry

Accumulated reduction entry of tangible fixed assets deducted from acquisition cost of tangible fixed assets using funds from government subsidy, etc. is as follows:

	Previous fiscal year (As of November 30, 2021)		Current fiscal year (As of November 30, 2022)	
Buildings and structures	¥	631 million	¥	630 million
Machinery, equipment and vehicles	¥	802 million	¥	798 million
Land	¥	117 million	¥	117 million
Other	¥	5 million	¥	5 million
Total	¥	1,556 million	¥	1,552 million

*5 Other liabilities include contract liabilities as follows:

	Previous fiscal year (As of November 30, 2021)		Current fiscal year (As of November 30, 2022)	
Contract liabilities	¥	236 million	¥	451 million

Consolidated Statements of Income

*1 Net sales is not separately presented for revenue arising from contracts with customers and other revenue.

The amount of revenue arising from contracts with customers is provided in Note "Segment Information" in the consolidated financial statements.

*2 The inventory balance at the end of the fiscal year is presented after the book value was written down when its carrying amount becomes unrecoverable and the following losses on valuation of inventories are included in cost of sales.

Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
¥ 418 million	¥ 355 million

*3 Main components of selling, general and administrative expenses are as follows:

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
Transportation and warehousing expenses	¥ 27,752 million	¥ 28,196 million
Sales promotion expenses	¥ 3,175 million	¥ 3,805 million
Research and development expenses	¥ 4,033 million	¥ 3,912 million
Advertising expenses	¥ 9,576 million	¥ 9,680 million
Payroll expenses	¥ 21,620 million	¥ 21,680 million
Depreciation expenses	¥ 2,271 million	¥ 2,550 million
Provision of reserves for bonuses	¥ 810 million	¥ 715 million
Retirement benefit expenses	¥ 1,356 million	¥ 1,100 million
Provision of allowances for doubtful accounts	¥ (57) million	¥ (31) million

*4 Total amount of research and development expenses included in general and administrative expenses

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
Research and development expenses	¥ 4,033 million	¥ 3,912 million

*5 Gain on sales of shares of subsidiaries and associates

Previous fiscal year (From December 1, 2020 to November 30, 2021)

This was due to the sale of part of shares of KRS, which was a consolidated subsidiary of the Company. The difference between the book value of the sold shares in the consolidated accounts of KRS and its fourteen (14) subsidiaries, and the sale price of the share sale was recorded as losses on sales of shares of subsidiaries and associates. Further, as a result of this share sale, certain unrealized gains on the land sales to KRS by the Company and its consolidated subsidiaries in the prior fiscal years were realized. Accordingly, the realized gain was accounted for as an adjustment to loss (gain) on sales of shares of subsidiaries and associates.

Current fiscal year (From December 1, 2021 to November 30, 2022)

This was due to the sale of shares of NAKASHIMATO CO., LTD., the Company's other associated company.

*6 Gains on sales of fixed assets consists of the following:

	Previous fiscal year (From December 1, 2020 to November 30, 2021)		Current fiscal year (From December 1, 2021 to November 30, 2022)	
Land	¥	421 million	¥	24 million
Machinery, equipment and vehicles	¥	11 million	¥	14 million
Buildings and structures	¥	24 million		—
Other	¥	1 million	¥	0 million
Total	¥	459 million	¥	39 million

*7 Losses on disposal of fixed assets consists of the following:

	Previous fiscal year (From December 1, 2020 to November 30, 2021)		Current fiscal year (From December 1, 2021 to November 30, 2022)	
Machinery, equipment and vehicles	¥	522 million	¥	571 million
Buildings and structures	¥	437 million	¥	427 million
Other	¥	127 million	¥	129 million
Total	¥	1,087 million	¥	1,129 million

*8 Impairment losses

The Group recognized impairment losses for the following group of assets.

Previous fiscal year (From December 1, 2020 to November 30, 2021)

Location	Use	Item	Impairment losses (millions of yen)
Yamato-shi, Kanagawa	Factory	Buildings, etc.	751
Oishida-machi Kitamurayama-gun, Yamagata	Production lines, etc. of fruit processed foods	Buildings, machinery, equipment, etc.	167
Kumamoto-shi, Kumamoto	Factory	Buildings, etc.	165
Other			14
Total			1,097

In principle, each management accounting unit, on which revenue and expenditure are continuously monitored such as company, business, office, is classified as one asset-grouping unit.

In the current fiscal year, the Company wrote down the book value of a factory of Green Message Co., Ltd. in Yamato-shi, Kanagawa to a recoverable amount, because it no longer expects to recover its investment due to diminished profitability. As such, the relevant write-down amount of ¥751 million is recorded as impairment losses. The recoverable amount is measured by the net sales value based on the estimated sales value.

The Company wrote down the book value of production lines, etc. of fruit processed foods in Oishida-machi, Kitamurayama-gun, Yamagata to recoverable amount, because it no longer expects to recover its investment due to deteriorating profitability. As such, the relevant write-down amount of ¥167 million is recorded as impairment losses. The recoverable amounts are measured according to value in use, and are calculated by discounting the future cash flows using a rate of 2.46%.

The Company wrote down the book value of a factory in Kumamoto-shi, Kumamoto, to a recoverable amount as a result of the decision to sell the factory. As such, the relevant write-down amount of ¥165 million is recorded as impairment losses. The recoverable amount is measured by the net sales value based on the estimated sales value.

Current fiscal year (From December 1, 2021 to November 30, 2022)

Location	Use	Item	Impairment losses (millions of yen)
Katori-shi, Chiba	Factory	Land, buildings, machinery, etc.	593
Miyoshi-machi, Iruma-gun, Saitama	Factory	Machinery, equipment, etc.	244
Other			70
Total			908

In principle, each management accounting unit, on which revenue and expenditure are continuously monitored such as company, business, business location, is classified as one asset-grouping unit.

In the current fiscal year, the Company wrote down the book value of a factory in Katori-shi, Chiba to a recoverable amount, because it no longer expects to recover its investment due to diminished profitability. As such, the relevant write-down amount of ¥593 million is recorded as impairment losses. The recoverable amounts are measured according to value in use, and are calculated by discounting the future cash flows using a rate of 5.98%.

The Company wrote down the book value of a factory in Miyoshi-machi, Iruma-gun, Saitama to a recoverable amount, because it no longer expects to recover its investment due to diminished profitability. As such, the relevant write-down amount of ¥244 million is recorded as impairment losses. The recoverable amounts are measured according to value in use, and as no future cash flow is expected to be generated in the future, the recoverable value is assessed as zero.

Consolidated Statements of Comprehensive Income

* Reclassification adjustments and income tax effects related to other comprehensive income

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
Unrealized holding gains (losses) on securities:		
Amount arising during the fiscal year	¥ 98 million	¥ 1,169 million
Reclassification adjustments	¥ (341) million	¥ (256) million
Before income tax effects	¥ (243) million	¥ 912 million
Amount of income tax effects	¥ 95 million	¥ (273) million
Unrealized holding gains (losses) on securities	¥ (147) million	¥ 638 million
Unrealized gains (losses) on hedges:		
Amount arising during the fiscal year	¥ 33 million	¥ (33) million
Reclassification adjustments	¥ 0 million	¥ — million
Before income tax effects	¥ 33 million	¥ (33) million
Amount of income tax effects	¥ (10) million	¥ 10 million
Unrealized gains (losses) on hedges	¥ 22 million	¥ (23) million
Foreign currency translation adjustments:		
Amount arising during the fiscal year	¥ 2,772 million	¥ 7,894 million
Reclassification adjustments	—	—
Foreign currency translation adjustments	¥ 2,772 million	¥ 7,894 million
Adjustments for retirement benefits:		
Amount arising during the fiscal year	¥ 888 million	¥ 6,627 million
Reclassification adjustments	¥ 868 million	¥ 541 million
Before income tax effects	¥ 1,757 million	¥ 7,168 million
Amount of income tax effects	¥ (537) million	¥ (2,200) million
Adjustments for retirement benefits	¥ 1,219 million	¥ 4,968 million
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the fiscal year	¥ 409 million	¥ 790 million
Total other comprehensive income	¥ 4,277 million	¥ 14,268 million

Consolidated Statements of Changes in Net Assets

Previous fiscal year (From December 1, 2020 to November 30, 2021)

1. Total numbers and periodic changes of issued shares and treasury stock by class

	Number of shares at the beginning of the current fiscal year	Increase in number of shares	Decrease in number of shares	Number of shares at the end of the current fiscal year
Issued shares				
Common stock	150,000,000	—	8,500,000	141,500,000
Total	150,000,000	—	8,500,000	141,500,000
Treasury stock				
Common stock	6,959,200	4,035,890	8,500,000	2,495,090
Total	6,959,200	4,035,890	8,500,000	2,495,090

(Notes) 1. The increase of 4,035,890 shares in the number of shares of treasury stock includes an increase of 4,034,000 shares due to the purchase of treasury stock in accordance with the resolution of the Board of Directors, and an increase of 1,890 shares due to the acquisition of shares less than one unit.

2. The decrease of 8,500,000 shares in the number of shares of treasury stock is due to cancellation of treasury stock in accordance with the resolution of the Board of Directors.

2. Dividend

(1) Dividends paid in the current fiscal year

(Resolution)	Type of share	Total amounts of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
The Board of Directors' meeting held on January 20, 2021	Common stock	2,860	20.00	November 30, 2020	February 5, 2021
The Board of Directors' meeting held on June 28, 2021	Common stock	2,804	20.00	May 31, 2021	August 10, 2021

(2) Dividends with record date during the current fiscal year but to be effective in the following fiscal year

(Resolution)	Type of share	Total amounts of dividends (millions of yen)	Dividend resource	Dividends per share (yen)	Record date	Effective date
The Board of Directors' meeting held on January 21, 2022	Common stock	3,753	Earned surplus	27.00	November 30, 2021	February 7, 2022

Current fiscal year (From December 1, 2021 to November 30, 2022)

1. Total numbers and periodic changes of issued shares and treasury stock by class

	Number of shares at the beginning of the current fiscal year	Increase in number of shares	Decrease in number of shares	Number of shares at the end of the current fiscal year
Issued shares				
Common stock	141,500,000	—	—	141,500,000
Total	141,500,000	—	—	141,500,000
Treasury stock				
Common stock	2,495,090	804	—	2,495,894
Total	2,495,090	804	—	2,495,894

(Note) The number of shares of treasury stock (common stock) increased due to the acquisition of shares less than one (1) unit.

2. Dividend

(1) Dividends paid in the current fiscal year

(Resolution)	Type of share	Total amounts of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
The Board of Directors' meeting held on January 21, 2022	Common stock	3,753	27.00	November 30, 2021	February 7, 2022
The Board of Directors' meeting held on June 30, 2022	Common stock	2,780	20.00	May 31, 2022	August 8, 2022

(2) Dividends with record date during the current fiscal year but to be effective in the following fiscal year

(Resolution)	Type of share	Total amounts of dividends (millions of yen)	Dividend resource	Dividends per share (yen)	Record date	Effective date
The Board of Directors' meeting held on January 20, 2023	Common stock	3,753	Earned surplus	27.00	November 30, 2022	February 6, 2023

Consolidated Statements of Cash Flows

* Reconciliation between "Cash and cash equivalents at the end of the fiscal year" and "Cash and deposits" on the consolidated balance sheets

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
Cash and deposits	¥ 58,343 million	¥ 57,825 million
Time deposits with maturity over three months	¥ (1,584) million	¥ (2,489) million
Deposits with withdrawal restrictions	¥ (55) million	—
Securities	¥ 10,000 million	¥ 10,000 million
Cash and cash equivalents at the end of the fiscal year	¥ 66,703 million	¥ 65,335 million

Lease Transactions

1. Finance lease transactions (Lessee)

   Finance lease transactions that do not transfer ownership

   (a) Details of lease assets

   Lease assets mainly consist of production lines in the Foods business.

   (b) Depreciation method for lease assets

   Depreciation method for lease assets was stated in "4. Accounting policies (2) Depreciation and amortization of significant depreciable and amortizable assets" under Significant Matters Forming the Basis for the Preparation of Consolidated Financial Statements.

2. Operating lease transactions

   Future lease payments related to non-cancellable operating lease transactions

(Millions of yen)

	Previous fiscal year (As of November 30, 2021)	Current fiscal year (As of November 30, 2022)
Due within one year	161	255
Due over one year	166	694
Total	328	950

Financial Instruments

1. Matters relating to the status of financial instruments

    (1) Policy in relation to financial instruments

    The Group raises required funds through bank loans and bond issues according to its equipment investment plan. Floating money is invested in highly secure financial assets and short-term operating funds are provided by bank loans. The Group uses derivatives to hedge risks, as described below, and has a policy not to conduct speculative trading.

    (2) Details of financial instruments and related risks

    Notes and accounts receivable – trade, which are receivables, are exposed to credit risks of customers. Securities and investment securities, which mainly consist of stocks of companies with which the Group has business or other relationships, are exposed to market fluctuation risk.

    Substantially all of notes and accounts payable – trade, which are payables, have payment due dates within one year. Some payables in relation to import of raw materials are denominated in foreign currencies and exposed to foreign currency risk, which is hedged by using forward exchange contracts when necessary. Short-term loans payable are funds raised principally in relation to business transactions and long-term loans payable, bonds and lease obligations in finance lease transactions are funds raised principally for necessary equipment investment.

    Derivatives are forward exchange contracts to hedge foreign currency risk involving payables in foreign currencies. With regard to hedging instruments, hedged items, hedge policies, the method of assessment of the effectiveness of hedges etc., please refer to the above "4. Accounting policies: (6) Significant methods of hedge accounting" under Significant Matters Forming the Basis for the Preparation of Consolidated Financial Statements.

    (3) Risk management system relating to financial instruments

    (i) Management of credit risk

    The Company, through its operation management division and accounting and financing division, periodically monitors the conditions of its major customers and manages the due dates and outstanding balances to early detect or reduce credits that may become uncollectable due to the deterioration of its financial conditions. Likewise, its consolidated subsidiaries manage their receivables.

    With regard to derivatives, the Company perceives very little credit risk as it enters into transactions solely with financial institutions with high ratings.

    (ii) Management of market risk

    The Group uses forward exchange contracts to hedge foreign currency risk involving payables in foreign currencies. The Company's risk management relating to such derivatives is conducted by its Division of Production and Financial Department pursuant to its internal rules and all of the trading results are reported to the General Manager of the Financial Department. With regard to its consolidated subsidiaries, such risk management is conducted principally by their respective administration divisions and the trading results are reported to the respective directors of the subsidiaries responsible therefor.

    With regard to securities and investment securities, the Group periodically obtains information on the market values and financial conditions of the issuers (customer companies) and reviews the holding of securities other than held to maturity on a continuous basis by taking into consideration the market conditions and the relationships with the client companies.

    (iii) Management of liquidity risk relating to financing

    The Group manages liquidity risk by preparing and updating cash flow projections on a timely basis, by arranging overdraft facilities with several financial institutions, and by maintaining certain levels of liquidity through a cash management system.

(4) Supplementary explanation of matters relating to the fair values of financial instruments, etc.

As the estimation of fair values of financial instruments incorporates variable factors, adopting different assumptions may change the values. In addition, the contract amount of financial derivative transactions in itself, described in Note "Financial Derivative Transactions", should not be considered indicative of the market risks associated with the financial derivative transactions.

2. Matters concerning fair values, etc. of financial instruments

The following table shows amounts for items recorded in the consolidated balance sheet along with their fair values and the variances.

Previous fiscal year (As of November 30, 2021)

	Book value on the consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Variance (millions of yen)
(1) Securities and investment securities (*2)	38,366	39,002	635
Total assets	38,366	39,002	635
(2) Bonds	10,000	10,020	20
(3) Long-term loans payable (*3)	26,642	26,697	54
Total liabilities	36,642	36,718	75
Derivatives (*4)			
Derivatives to which hedge accounting is not applied	(0)	(0)	—
Derivatives to which hedge accounting is applied	28	28	—
Total derivatives	27	27	—

(*1) Notes on cash and deposits, notes and accounts receivable - trade, notes and accounts payable - trade, short-term loans payable (excluding the current portion of long-term loans payable), accounts payable - other, and accrued income taxes are omitted, because they are cash, and their fair value approximates the book value as a result of their short settlement period.

(*2) The following financial instruments have no market price. Accordingly, as determining the fair value is recognized as being extremely difficult, it is not included in "(1) Securities and investment securities". The balance sheet amounts of these financial instruments are as follows:

Category	Previous fiscal year (millions of yen)
Unlisted stocks	15,263

(*3) Long-term loans payable include the current portion of long-term loans payable.

(*4) Net receivables and payables resulting from derivatives are presented in net amounts.

Current fiscal year (As of November 30, 2022)

	Book value on the consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Variance (millions of yen)
(1) Securities and investment securities (*2)	39,241	41,474	2,232
Total assets	39,241	41,474	2,232
(2) Bonds	10,000	9,849	(150)
(3) Long-term loans payable (*3)	16,356	16,293	(62)
(4) Lease obligations	3,912	4,140	227
Total liabilities	30,269	30,283	13
Derivatives (*4)			
Derivatives to which hedge accounting is not applied	(0)	(0)	—
Derivatives to which hedge accounting is applied	(4)	(4)	—
Total derivatives	(5)	(5)	—

(*1) Notes on cash and deposits, notes and accounts receivable - trade, notes and accounts payable - trade, short-term loans payable (excluding the current portion of long-term loans payable), accounts payable - other, and accrued income taxes are omitted, because they are cash, and their fair value approximates the book value as a result of their short settlement period.

(*2) Stocks, etc. without market value are not included in "(1) Securities and investment securities". The balance sheet amounts of these financial instruments are as follows:

Category	Current fiscal year (millions of yen)
Unlisted stocks	16,392

(*3) Long-term loans payable include the current portion of long-term loans payable.

(*4) Net receivables and payables resulting from derivatives are presented in net amounts.

1. Expected redemption amount of monetary receivables and securities with maturity dates reaching after the fiscal year end of the Company's consolidated financial statements

Previous fiscal year (As of November 30, 2021)

	Within one year (millions of yen)	Over one year to five years (millions of yen)	Over five years to 10 years (millions of yen)	Over 10 years (millions of yen)
Cash and deposits	58,325	—	—	—
Notes and accounts receivable – trade	56,875	—	—	—
Securities and investment securities				
Other securities with maturity				
Others	10,000	—	—	—
Total	125,200	—	—	—

Current fiscal year (As of November 30, 2022)

	Within one year (millions of yen)	Over one year to five years (millions of yen)	Over five years to 10 years (millions of yen)	Over 10 years (millions of yen)
Cash and deposits	57,815	—	—	—
Notes and accounts receivable – trade	59,414	—	—	—
Securities and investment securities				
Other securities with maturity				
Others	10,000	—	—	—
Total	127,230	—	—	—

2. Scheduled repayment amounts for bonds, long-term loans payable, lease obligations, and other interest-bearing debt after the fiscal year end of the Company's consolidated financial statements

Previous fiscal year (As of November 30, 2021)

	Within one year (millions of yen)	Over one year to two years (millions of yen)	Over two years to three years (millions of yen)	Over three years to four years (millions of yen)	Over four years to five years (millions of yen)	Over five years (millions of yen)
Short-term loans payable	1,305	—	—	—	—	—
Bonds	—	—	—	—	10,000	—
Long-term loans payable	10,285	285	15,285	284	500	—
Total	11,591	285	15,285	284	10,500	—

Current fiscal year (As of November 30, 2022)

	Within one year (millions of yen)	Over one year to two years (millions of yen)	Over two years to three years (millions of yen)	Over three years to four years (millions of yen)	Over four years to five years (millions of yen)	Over five years (millions of yen)
Short-term loans payable	2,773	—	—	—	—	—
Bonds	—	—	—	10,000	—	—
Long-term loans payable	285	15,285	284	500	—	—
Lease obligations	575	403	341	282	245	2,064
Total	3,634	15,689	626	10,782	245	2,064

3. Breakdown of fair value of financial instruments by level

Fair values of financial instruments are categorized into three (3) levels based on the observability and significance of the inputs related to fair value measurement.

Level 1 fair value: fair value measured with observable valuation inputs related to fair value measurement which are quoted prices of assets or liabilities subject to the measurement of fair value that are formed in active markets.

Level 2 fair value: fair value measured with observable valuation inputs related to fair value measurement other than the inputs in Level 1.

Level 3 fair value: fair value measured using unobservable valuation inputs related to fair value measurement.

When multiple inputs that have a significant impact on the measurement of fair value are used, the fair value is categorized to the level with the lowest priority in the measurement of fair value among the levels to which each input belongs.

(1) Financial instruments recorded on the consolidated balance sheets at fair value

Current fiscal year (As of November 30, 2022)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities				
Stocks	31,474	—	—	31,474
Other	—	10,000	—	10,000
Total assets	31,474	10,000	—	41,474
Derivatives				
Currency derivatives	—	(5)	—	(5)
Total liabilities	—	(5)	—	(5)

(2) Financial instruments other than those recorded on the consolidated balance sheets at fair value

Current fiscal year (As of November 30, 2022)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Bonds	—	9,849	—	9,849
Long-term loans payable	—	16,293	—	16,293
Lease obligations	—	4,140	—	4,140
Total liabilities	—	30,283	—	30,283

(Notes) Explanation of valuation techniques and inputs related to fair value measurement

Securities and investment securities

Listed stocks are valued using the quoted price. Listed stocks are traded on active markets, and accordingly their fair values are categorized as Level 1. The fair value of jointly managed designated money trusts is measured based on the price provided by counterparty financial institutions, and is categorized as Level 2.

Derivatives

The fair value of forward exchange contracts is measured using fair value indicated by counterparty financial institutions, which is measured using observable valuation inputs such as exchange rates, and is therefore categorized as Level 2.

Bonds

The fair value of bonds issued by the Company is measured based on the present value of the total principal and interest, discounted at a rate that would be applied for a new similar issuance, and is categorized as Level 2.

Long-term loans payable

The fair value of long-term loans payable is measured based on the present value of the total principal and interest, discounted at a rate that would be applied for a new similar borrowing, and is categorized as Level 2.

Lease obligations

The fair value of lease obligations is measured based on the present value of the total principal and interest classified by a certain period of time, discounted at a rate that would be applied for a new similar lease transaction, and is categorized as Level 2.

Securities

1. Other securities

Previous fiscal year (As of November 30, 2021)

	Description	Balance sheet amount (millions of yen)	Acquisition cost (millions of yen)	Variance (millions of yen)
Securities whose balance sheet amount exceeds their acquisition cost	(1) Stocks	18,070	5,757	12,313
	(2) Bonds			
	(a) Government and local bonds	—	—	—
	(b) Corporate bonds	—	—	—
	(c) Other	—	—	—
	(3) Other	—	—	—
	Sub-total	18,070	5,757	12,313
Securities whose acquisition cost exceeds their balance sheet amount	(1) Stocks	1,440	1,680	(239)
	(2) Bonds			
	(a) Government and local bonds	—	—	—
	(b) Corporate bonds	—	—	—
	(c) Other	—	—	—
	(3) Other	10,000	10,000	—
	Sub-total	11,440	11,680	(239)
Total		29,511	17,437	12,073

(Note) With regard to the Company's shareholdings of unlisted stocks (¥2,316 million reported on the consolidated balance sheet), as these stocks do not have market prices and it is considered extremely difficult to determine their fair values, these stocks are not included in "Other securities" in the above table.

Current fiscal year (As of November 30, 2022)

	Description	Balance sheet amount (millions of yen)	Acquisition cost (millions of yen)	Variance (millions of yen)
Securities whose balance sheet amount exceeds their acquisition cost	(1) Stocks	20,204	7,209	12,994
	(2) Bonds			
	(a) Government and local bonds	—	—	—
	(b) Corporate bonds	—	—	—
	(c) Other	—	—	—
	(3) Other	—	—	—
	Sub-total	20,204	7,209	12,994
Securities whose acquisition cost exceeds their balance sheet amount	(1) Stocks	71	79	(8)
	(2) Bonds			
	(a) Government and local bonds	—	—	—
	(b) Corporate bonds	—	—	—
	(c) Other	—	—	—
	(3) Other	10,000	10,000	—
	Sub-total	10,071	10,079	(8)
Total		30,275	17,289	12,986

(Note) With regard to the Company's shareholdings of unlisted stocks (¥2,088 million reported on the consolidated balance sheet), as these stocks, etc. do not have market prices, these stocks are not included in "Other securities" in the above table.

2. Other securities sold during the fiscal year

Previous fiscal year (From December 1, 2020 to November 30, 2021)

Description	Aggregate sales amount (millions of yen)	Gains (millions of yen)	Losses (millions of yen)
(1) Stocks	581	327	1
(2) Bonds			
(a) Government and local bonds	—	—	—
(b) Corporate bonds	—	—	—
(c) Other	—	—	—
(3) Other	—	—	—
Total	581	327	1

Current fiscal year (From December 1, 2021 to November 30, 2022)

Description	Aggregate sales amount (millions of yen)	Gains (millions of yen)	Losses (millions of yen)
(1) Stocks	422	256	0
(2) Bonds			
(a) Government and local bonds	—	—	—
(b) Corporate bonds	—	—	—
(c) Other	—	—	—
(3) Other	—	—	—
Total	422	256	0

3. Securities for which impairment losses are recognized

Previous fiscal year (From December 1, 2020 to November 30, 2021)

Impairment losses of ¥7 million were recognized for securities (¥7 million on shares without readily determinable market value).

In the recognition of impairment losses, total impairment is recognized when the fair value at the end of the fiscal year has fallen 50% or more of the acquisition cost. When the fair value has fallen between 30% and 50%, an impairment of the amount deemed necessary by taking into account recoverability etc. is recognized.

Current fiscal year (From December 1, 2021 to November 30, 2022)

Not applicable.

Financial Derivative Transactions

1. Financial derivative transactions to which the hedge accounting is not adopted

Currency derivatives

Previous fiscal year (As of November 30, 2021)

Classification	Transaction type	Contract amount		Fair value	Gains or losses on valuation
		Total (millions of yen)	Over one year (millions of yen)	(millions of yen)	(millions of yen)
Transactions other than market transactions	Purchased forward exchange contracts– Euro	192	—	(0)	(0)

Current fiscal year (As of November 30, 2022)

Classification	Transaction type	Contract amount		Fair value	Gains or losses on valuation
		Total (millions of yen)	Over one year (millions of yen)	(millions of yen)	(millions of yen)
Transactions other than market transactions	Purchased forward exchange contracts– Euro	208	—	(0)	(0)

2. Financial derivative transactions to which the hedge accounting is adopted

Currency derivatives

Previous fiscal year (As of November 30, 2021)

Hedge accounting method	Transaction type	Principle hedged item	Contract amount		Fair value
			Total (millions of yen)	Over one year (millions of yen)	(millions of yen)
Allocation method for forward exchange contracts, etc.	Purchased forward exchange contracts–	Accounts payable – trade			
	U.S. dollar		1,006	—	33
	RMB		103	—	4
	Euro		577	—	(9)
Total			1,687	—	28

Current fiscal year (As of November 30, 2022)

Hedge accounting method	Transaction type	Principle hedged item	Contract amount		Fair value
			Total (millions of yen)	Over one year (millions of yen)	(millions of yen)
Allocation method for forward exchange contracts, etc.	Purchased forward exchange contracts–	Accounts payable – trade			
	U.S. dollar		669	—	(22)
	RMB		13	—	1
	Euro		1,443	—	16
Total			2,126	—	(4)

Retirement Benefits

1. Summary of retirement benefit plans

In order to fund the retirement benefits to employees, the Company and some of its consolidated subsidiaries have funded and non-funded defined benefit plans, a retirement benefit advance payment system and a defined contribution plan.

In the defined benefit corporate pension plans (all of which are funded plans), payments are lump sums or pensions based on salaries and service periods, or lump sums or pensions through a point system.

In some of the defined benefit corporate pension plans, trusts to cover retirement benefit obligations have been established.

In the lump-sum retirement payment systems (all of which are non-funded plans), payments as retirement benefits are lump sums based on salaries and service periods, or lump sums through a point system.

In the defined benefit corporate pension plans and the lump-sum retirement payment systems at some consolidated subsidiaries, liabilities for retirement benefits and retirement benefit expenses are calculated by the simplified method.

2. Defined benefit plan

(1) Reconciliation between the balance at the beginning of the fiscal year and the balance at the end of the fiscal year of retirement benefit obligations

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
Balance of retirement benefit obligations at the beginning of the fiscal year	¥ 77,593 million	¥ 67,680 million
Service costs	¥ 2,916 million	¥ 2,966 million
Interest costs	¥ 290 million	¥ 292 million
Actuarial gains or losses incurred	¥ 244 million	¥ (4,926) million
Retirement benefits paid	¥ (2,881) million	¥ (2,991) million
Decrease due to exclusion from consolidation	¥ (10,547) million	¥ − million
Other	¥ 64 million	¥ 11 million
Balance of retirement benefit obligations at the end of the fiscal year	¥ 67,680 million	¥ 63,033 million

(Note) Retirement benefit expenses of the consolidated subsidiaries that apply the simplified method are included in "Service costs".

(2) Reconciliation between the balance at the beginning of the fiscal year and the balance at the end of the fiscal year of pension plan assets

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
Balance of pension plan assets at the beginning of the fiscal year	¥ 83,575 million	¥ 76,058 million
Expected return on pension plan assets	¥ 1,799 million	¥ 1,863 million
Actuarial gains or losses incurred	¥ 1,097 million	¥ 1,700 million
Contributions by the employer	¥ 2,268 million	¥ 2,095 million
Retirement benefits paid	¥ (2,709) million	¥ (2,798) million
Decrease due to exclusion from consolidation	¥ (9,975) million	¥ − million
Other	¥ 1 million	¥ (68) million
Balance of pension plan assets at the end of the fiscal year	¥ 76,058 million	¥ 78,849 million

(3) Reconciliation between the balances of retirement benefit obligations and pension plan assets at the end of the fiscal year, and liabilities for retirement benefits and assets for retirement benefits recognized in the consolidated balance sheet

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
Retirement benefit obligations for funded plans	¥ 65,373 million	¥ 60,619 million
Pension plan assets	¥ (76,058) million	¥ (78,849) million
	¥ (10,684) million	¥ (18,230) million
Retirement benefit obligations for non-funded plans	¥ 2,307 million	¥ 2,413 million
Net amount of liabilities (assets) recognized on the consolidated balance sheet	¥ (8,377) million	¥ (15,816) million
Liabilities for retirement benefits	¥ 2,750 million	¥ 2,840 million
Assets for retirement benefits	¥ (11,128) million	¥ (18,656) million
Net amount of liabilities (assets) recognized on the consolidated balance sheet	¥ (8,377) million	¥ (15,816) million

(4) Amounts of retirement benefit expenses and their components

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
Service costs	¥ 2,916 million	¥ 2,966 million
Interest costs	¥ 290 million	¥ 292 million
Expected return on pension plan assets	¥ (1,799) million	¥ (1,863) million
Amortization of actuarial gains or losses	¥ 695 million	¥ 440 million
Amortization of prior service costs	¥ 173 million	¥ 101 million
Retirement benefit expenses for defined benefit plans	¥ 2,275 million	¥ 1,937 million

(Note) Retirement benefit expenses of the consolidated subsidiaries that apply the simplified method are included in "Service costs".

(5) Adjustments for retirement benefits

The components of the items recorded in adjustments for retirement benefits (before tax effect) are as follows:

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
Prior service costs	¥ (173) million	¥ (101) million
Actuarial gains or losses	¥ (1,584) million	¥ (7,067) million
Total	¥ (1,757) million	¥ (7,168) million

(6) Accumulated adjustments for retirement benefits

The components of the items recorded in accumulated adjustments for retirement benefits (before tax effect) are as follows:

	Previous fiscal year (As of November 30, 2021)	Current fiscal year (As of November 30, 2022)
Unrecognized prior service costs	¥ 256 million	¥ 155 million
Unrecognized actuarial gains or losses	¥ 4,900 million	¥ (2,166) million
Total	¥ 5,157 million	¥ (2,011) million

(7) Pension plan assets

a) Main components of pension plan assets

The ratio of main categories to total pension plan assets is as follows:

	Previous fiscal year (As of November 30, 2021)	Current fiscal year (As of November 30, 2022)
Bonds	30%	24%
Stocks	38%	37%
Insurance assets (general account)	5%	4%
Cash and deposits	11%	14%
Other	16%	21%
Total	100%	100%

(Note) Total pension plan assets include retirement benefit trusts established for corporate pension plans of 16% for the previous fiscal year and 18% for the current fiscal year.

b) Method to determine long-term expected rate of return

The long-term expected rate of return on pension plan assets is determined in consideration of the present and expected pension plan asset allocation and the present and long-term expected rate of return on the various assets that comprise the pension plan assets.

(8) Actuarial assumptions

Major actuarial assumptions

	Previous fiscal year (As of November 30, 2021)	Current fiscal year (As of November 30, 2022)
Discount rate	0.4% to 0.6%	0.5% to 1.1%
Long-term expected rate of return on pension plan assets	1.5% to 3.0%	1.5% to 3.0%

Expected rates of salary increase are based on an index of salary increase by age, primarily calculated using the base date of May 31, 2020.

3. Defined contribution plans and retirement benefit advance payment systems

At the Company and its consolidated subsidiaries, the required contribution amount to the defined contribution plans is ¥807 million for the previous fiscal year and ¥839 million for the current fiscal year, and the amount paid under the retirement benefit advance payment systems is ¥88 million for the previous fiscal year and ¥82 million for the current fiscal year.

Stock Options, Etc.

1. Of the transactions that grant shares as compensation for directors, etc., description, scale, and movement of advance grant-type restricted stock

The Company

Not applicable.

Consolidated subsidiary (Aohata Corporation)

(1) Description of advance grant-type restricted stock

Title and number of grantees	Four directors of Aohata Corporation	Four directors of Aohata Corporation
Number of shares granted by class of stock	Common stock 3,342 shares	Common stock 6,683 shares
Grant date	March 18, 2022	March 18, 2022
Vesting conditions	To continuously hold the position of director of Aohata Corporation or other positions determined by the Board of Directors of Aohata Corporation from the grant date (March 18, 2022) to the vesting date (the close of the ordinary general meeting of shareholders of Aohata Corporation for the fiscal year ended November 30, 2022).	To continuously hold the position of director of Aohata Corporation or other positions determined by the Board of Directors of Aohata Corporation from the grant date (March 18, 2022) to the vesting date (the close of the ordinary general meeting of shareholders of Aohata Corporation for the fiscal year ending November 30, 2024), and to exceed certain performance targets set by the Board of Directors of Aohata Corporation as targeted values.
Requisite service period	From the grant date (March 18, 2022) to the vesting date (the close of the ordinary general meeting of shareholders of Aohata Corporation for the fiscal year ended November 30, 2022).	From the grant date (March 18, 2022) to the vesting date (the close of the ordinary general meeting of shareholders of Aohata Corporation for the fiscal year ending November 30, 2024).

(2) Scale and movement of advance grant-type restricted stock

a) Amounts and accounts of expenses

(Millions of yen)

	Current fiscal year (From December 1, 2021 to November 30, 2022)
Selling, general and administrative expenses, and compensation for directors	9

b) Number of shares

The figures are for the advance grant-type restricted stock with outstanding unvested shares during the current fiscal year (ended November 30, 2022).

Balance at end of previous fiscal year (shares)	–
Granted (shares)	10,025
Forfeited (shares)	–
Vested (shares)	–
Unvested (shares)	10,025

c) Price information

Fair value on grant date (yen)	2,334

2. Method of estimating fair value on grant date

   In order to eliminate arbitrariness, the fair value is the closing price of the Aohata Corporation's common stock on the Tokyo Stock Exchange on February 21, 2022 (the business day immediately preceding the date of resolution by the Board of Directors of Aohata Corporation).

3. Method of estimating the number of shares to be vested

   Since it is difficult to reasonably estimate the number of advance grant-type restricted stock to be forfeited in the future, the Company adopts a method that reflects only the actual number of shares forfeited.

Tax Effect Accounting

1. The principal details of deferred tax assets and liabilities are as follows:

	Previous fiscal year (As of November 30, 2021)	Current fiscal year (As of November 30, 2022)
Deferred tax assets		
Unrealized gains	¥ 1,530 million	¥ 1,637 million
Refund obligation	¥ 1,062 million	¥ 570 million
Reserves for bonuses	¥ 380 million	¥ 221 million
Accrued social security expenses	¥ 4 million	¥ 4 million
Accrued enterprise taxes	¥ 300 million	¥ 175 million
Liabilities for retirement benefits	¥ 1,573 million	¥ 1,834 million
Established amount for trust to cover retirement benefit obligations	¥ 1,084 million	¥ 1,084 million
Losses on valuation of golf course memberships	¥ 117 million	¥ 116 million
Tax loss carryforwards	¥ 1,600 million	¥ 1,913 million
Depreciation	¥ 812 million	¥ 824 million
Impairment losses	¥ 1,364 million	¥ 1,379 million
Other	¥ 1,954 million	¥ 1,943 million
Sub-total deferred tax assets	¥ 11,786 million	¥ 11,706 million
Valuation allowance	¥ (3,736) million	¥ (3,896) million
Total deferred tax assets	¥ 8,049 million	¥ 7,810 million
Deferred tax liabilities		
Assets for retirement benefits	¥ (3,592) million	¥ (6,052) million
Differences on valuation of fixed assets	¥ (377) million	¥ (379) million
Reserves for reduction entry of property by purchase	¥ (1,137) million	¥ (1,088) million
Unrealized holding gains on securities	¥ (3,575) million	¥ (3,844) million
Other	¥ (2,241) million	¥ (3,253) million
Total deferred tax liabilities	¥ (10,924) million	¥ (14,618) million
Net deferred tax assets (liabilities)	¥ (2,875) million	¥ (6,808) million

2. The reconciliation between the statutory tax rate and effective tax rate

   For both the previous and current fiscal years, the note is omitted since the difference between the statutory tax rate and effective tax rate is 5% or less of the statutory tax rate.

Asset Retirement Obligations

Asset retirement obligations recorded on the consolidated balance sheets

1. Summary of relevant asset retirement obligations

   The obligation to restore, etc. based on real estate lease contracts for factories, warehouses, etc.

2. Method for calculating the amount of relevant asset retirement obligations

   The amount of asset retirement obligations is calculated by estimating the period of use as twenty-six to forty years following acquisition, and then using the yield on government bonds corresponding to that time period as the discount rate.

3. Changes in amounts of relevant asset retirement obligations

	Previous fiscal year (From December 1, 2020 to November 30, 2021)		Current fiscal year (From December 1, 2021 to November 30, 2022)	
Balance at the beginning of the fiscal year	¥	1,218 million	¥	221 million
Adjustments to interest	¥	2 million	¥	3 million
Decrease due to exclusion from consolidation	¥	(999) million	¥	− million
Increase due to changes in the accounting estimates	¥	− million	¥	42 million
Balance at the end of the fiscal year	¥	221 million	¥	267 million

4. Changes in the accounting estimates for the amount of relevant asset retirement obligations

   In the current fiscal year, the Company changed its estimate of asset retirement obligations that were recorded as the obligation to restore in connection with real estate lease contracts of certain consolidated subsidiaries due to new information being obtained. The increase of ¥42 million due to these changes in accounting estimates was added to the asset retirement obligations before the change.

Revenue Recognition

1. The information on disaggregation of revenue arising from contracts with customers

   The information on disaggregation of revenue arising from contracts with customers is as stated in Note "Segment Information".

2. Information as a basis for understanding revenue arising from contracts with customers

   Information as a basis for understanding revenue arising from contracts with customers is as stated in Note "Significant Matters Forming the Basis for the Preparation of Consolidated Financial Statements: 4. Accounting policies: (4) Accounting standards for significant revenues and expenses".

3. Information on the relationship between the satisfaction of performance obligations under contracts with customers and cash flows arising from these contracts, and the amount and timing of revenue expected to be recognized in subsequent fiscal years from contracts with customers that exist at the end of the current fiscal year

   (1) Balances of receivables arising from contracts with customers and contract liabilities

   The ending balance of receivables arising from contracts with customers is as stated in "Notes on Consolidated Balance Sheets: *1 Notes receivable – trade and accounts receivable – trade include receivables arising from contracts with customers as follows". In addition, the ending balance of contract liabilities arising from contracts with customers is as stated in "Notes on Consolidated Balance Sheets: *5 Other liabilities includes contract liabilities as follows". The amount of revenue recognized in the current fiscal year that was included in the contract liabilities balance at the beginning of the fiscal year was ¥236 million.

(2) Transaction price allocated to the remaining performance obligations

Applying the practical expedients, the Group has omitted the statement of information on remaining performance obligations because there is no significant transaction within the Group with a predicted term of contract exceeding one (1) year. Considerations arising from contracts with customers contain no significant amount that is not included in transaction prices.

Segment Information

Segment Information

1. Outline of reporting segments

   The Company has organized reporting segments according to markets into "Retail Market", "Food Service", "Overseas", "Fruit Solutions", "Fine Chemicals" and "Common Business Operations" out of constituent operational units of the Group, for each of which the separate financial information is available and which are regularly reviewed by the Board of Directors may make decisions on the allocation of management resources and evaluate business performance.

   The following is the overview of each segment:

Retail Market:	Manufactures and sells products that include mayonnaise, dressings, pasta sauces, salads, delicatessen foods, packaged salads, baby foods and nursing care foods in the retail market.
Food Service:	Manufactures and sells products that include mayonnaise, dressings, vinegar, liquid egg, frozen egg, dried egg and egg processed foods in the food service market.
Overseas:	Manufactures and sells products that include mayonnaise and dressings in the overseas markets which include China, Southeast Asia and North America.
Fruit Solutions:	Manufactures and sells products that include jams for household-use and fruit processed foods for industrial use.
Fine Chemicals:	Manufactures and sells products that include hyaluronic acid and egg yolk lecithin used as an ingredient for pharmaceuticals, cosmetics and food products.
Common Business Operations:	Sells food products and food production equipment

2. Method used to calculate amounts of net sales, profit or loss, assets, liabilities and others by the reporting segment

   Accounting treatment applied to the reporting segments is generally the same with what is described in "Significant Matters Forming the Basis for the Preparation of Consolidated Financial Statements".

   Profit of the reporting segments is based on operating income. Intersegment net sales and transfers are based on prevailing market price.

Adoption of accounting standard for revenue recognition, etc.

As described in "Changes in accounting policies", the Company has adopted the Accounting Standard for Revenue Recognition and relevant ASBJ guidance effective from the beginning of the current fiscal year.

The impact of this adoption on each reporting segment is immaterial.

3. Information on amounts of net sales, profit or loss, assets, liabilities and others by reporting segment and information on disaggregation of revenue

Previous fiscal year (From December 1, 2020 to November 30, 2021)

Information on amounts of net sales, profit or loss, assets, liabilities and others by reporting segment

(Millions of yen)

	Retail Market	Food Service	Overseas	Fruit Solutions	Fine Chemicals	Common Business Operations	Total	Adjustments (Note 1)	Consoli-dated (Note 2)
Net sales									
Net sales to external customers	172,678	149,792	53,383	16,878	8,770	5,536	407,039	—	407,039
Intersegment net sales or transfers	738	5,132	1,003	223	426	10,663	18,187	(18,187)	—
Total	173,416	154,924	54,387	17,102	9,197	16,199	425,227	(18,187)	407,039
Segment profit	17,195	6,292	7,229	719	1,075	1,328	33,841	(5,868)	27,972
Segment assets	92,526	109,192	46,168	18,311	7,449	42,616	316,265	64,738	381,003
Others									
Depreciation and amortization	4,588	5,940	2,246	926	456	887	15,046	290	15,336
Investment in affiliates accounted for by equity method	1,905	—	—	—	—	19,361	21,266	—	21,266
Increase in tangible and intangible fixed assets	2,931	3,404	1,366	354	197	180	8,434	3,665	12,100

(Notes) 1. Adjustments are as follows:

(i) "Adjustments" of ¥(5,868) million in "Segment profit" includes company-wide expenses unallocated to the respective reporting segments. The company-wide expenses mainly consist of expenditures pertaining to general and administrative expenses not attributable to the reporting segments.

(ii) "Adjustments" of ¥64,738 million in "Segment assets" mainly includes company-wide assets of ¥67,564 million and elimination of intersegment receivables and payables of ¥(2,409) million. Major items in company-wide assets are surplus operating funds of the Company (cash and deposits and securities) and long-term investment funds (investment securities).

(iii) "Adjustments" of ¥290 million in "Depreciation and amortization" is mainly related to company-wide assets unallocated to the reporting segments.

(iv) "Adjustments" of ¥3,665 million in "Increase in tangible and intangible fixed assets" mainly represents the investments in the Kewpie Group core systems before allocation to the reporting segments.

2. Adjustments are made between "Segment profit" and "Operating income" reported in the consolidated statements of income.

3. "Depreciation and amortization" and "Increase in tangible and intangible fixed assets" include "Long-term prepaid expenses".

Current fiscal year (From December 1, 2021 to November 30, 2022)

Information on amounts of net sales, profit or loss, assets, liabilities and others by reporting segment and information on disaggregation of revenue (Millions of yen)

	Retail Market	Food Service	Overseas	Fruit Solutions	Fine Chemicals	Common Business Operations	Total	Adjustments (Note 1)	Consoli-dated (Note 2)
Net sales									
Revenue arising from contracts with customers	173,392	158,832	66,267	16,461	10,013	5,335	430,304	—	430,304
Other revenue	—	—	—	—	—	—	—	—	—
Net sales to external customers	173,392	158,832	66,267	16,461	10,013	5,335	430,304	—	430,304
Intersegment net sales or transfers	799	4,918	1,664	210	349	11,446	19,389	(19,389)	—
Total	174,192	163,750	67,931	16,672	10,363	16,782	449,693	(19,389)	430,304
Segment profit	13,433	6,923	8,471	315	1,267	1,209	31,621	(6,187)	25,433
Segment assets	96,504	115,201	60,175	17,882	8,597	47,614	345,976	57,408	403,384
Others									
Depreciation and amortization	4,679	6,145	2,627	909	478	901	15,741	320	16,062
Investment in affiliates accounted for by equity method	1,906	—	—	—	—	20,662	22,568	—	22,568
Increase in tangible and intangible fixed assets	5,656	5,050	2,288	286	240	659	14,181	3,046	17,227

(Notes) 1. Adjustments are as follows:

(i) "Adjustments" of ¥(6,187) million in "Segment profit" includes company-wide expenses unallocated to the respective reporting segments. The company-wide expenses mainly consist of expenditures pertaining to general and administrative expenses not attributable to the reporting segments.

(ii) "Adjustments" of ¥57,408 million in "Segment assets" mainly includes company-wide assets of ¥62,176 million and elimination of intersegment receivables and payables of ¥(2,590) million. Major items in company-wide assets are surplus operating funds of the Company (cash and deposits and securities) and long-term investment funds (investment securities).

(iii) "Adjustments" of ¥320 million in "Depreciation and amortization" is mainly related to company-wide assets unallocated to the reporting segments.

(iv) "Adjustments" of ¥3,046 million in "Increase in tangible and intangible fixed assets" mainly represents the investments in the Kewpie Group core systems before allocation to the reporting segments.

2. Adjustments are made between "Segment profit" and "Operating income" reported in the consolidated statements of income.

3. "Depreciation and amortization" and "Increase in tangible and intangible fixed assets" include "Long-term prepaid expenses".

Related Information

Previous fiscal year (From December 1, 2020 to November 30, 2021)

1. Information by product and service

   It is omitted here since similar information is disclosed in "Segment Information".

2. Information by region

   (1) Net sales

(Millions of yen)

Japan	China	Southeast Asia	North America	Other	Total
353,656	24,736	13,280	10,329	5,036	407,039

   (2) Tangible fixed assets

(Millions of yen)

Japan	China	Southeast Asia	North America	Other	Total
131,522	9,407	3,860	860	881	146,532

3. Information by major customers

   It is omitted here since there is no customer that accounted for 10% or more of net sales reported in the consolidated statements of income.

Current fiscal year (From December 1, 2021 to November 30, 2022)

1. Information by product and service

   It is omitted here since similar information is disclosed in "Segment Information".

2. Information by region

   (1) Net sales

(Millions of yen)

Japan	China	Southeast Asia	North America	Other	Total
364,036	28,355	18,033	14,368	5,511	430,304

   (2) Tangible fixed assets

(Millions of yen)

Japan	China	Southeast Asia	North America	Other	Total
129,618	10,910	4,530	1,118	871	147,050

3. Information by major customers

   It is omitted here since there is no customer that accounted for 10% or more of net sales reported in the consolidated statements of income.

Information on Impairment Losses on Fixed Assets by Reporting Segment

Previous fiscal year (From December 1, 2020 to November 30, 2021)

(Millions of yen)

	Retail Market	Food Service	Overseas	Fruit Solutions	Fine Chemicals	Common Business Operations	Total	Adjustments	Total
Impairment losses	751	165	—	181	—	—	1,097	—	1,097

Current fiscal year (From December 1, 2021 to November 30, 2022)

(Millions of yen)

	Retail Market	Food Service	Overseas	Fruit Solutions	Fine Chemicals	Common Business Operations	Total	Adjustments	Total
Impairment losses	16	837	—	54	—	—	908	—	908

Information on Amortization of Goodwill and Unamortized Balance by Reporting Segment

Previous fiscal year (From December 1, 2020 to November 30, 2021)

(Millions of yen)

	Retail Market	Food Service	Overseas	Fruit Solutions	Fine Chemicals	Common Business Operations	Total	Adjustments	Total
Amortization in the current fiscal year	7	7	0	182	0	0	198	—	198
Unamortized balance at the end of the current fiscal year	2	2	0	546	0	0	552	—	552

Current fiscal year (From December 1, 2021 to November 30, 2022)

(Millions of yen)

	Retail Market	Food Service	Overseas	Fruit Solutions	Fine Chemicals	Common Business Operations	Total	Adjustments	Total
Amortization in the current fiscal year	2	2	0	182	0	0	187	—	187
Unamortized balance at the end of the current fiscal year	—	—	—	364	—	—	364	—	364

Information on Gains on Negative Goodwill by Reporting Segment

Previous fiscal year (From December 1, 2020 to November 30, 2021)

Not applicable.

Current fiscal year (From December 1, 2021 to November 30, 2022)

Not applicable.

Related Party Transactions

Related party transactions

(1) Transactions between the company filing the consolidated financial statements and related parties

Officers and principal individual shareholders of the company filing the consolidated financial statements, etc.

Previous fiscal year (From December 1, 2020 to November 30, 2021)

Category	Corporate / individual name	Address	Paid-in capital/ equity investment (millions of yen)	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Business relationship	Transaction	Transaction amount (millions of yen)	Account	Ending balance (millions of yen)
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	NAKASHIMATO CO., LTD. (Note 2)	Shibuya-ku, Tokyo	50	Sale of various processed foods	Direct: 10.3% (Direct: 10.9% Indirect: 5.8%)	Purchase of products, sale of goods and products and payment of brand use fees Interlocking officers	Purchase of products	358	Notes and accounts payable – trade	65
							Sale of goods and products	170	Notes and accounts receivable – trade	7
							Payment of brand use fees	400	Current assets (Other)	28
							Purchase of promotional items	61	Accounts payable – other	40
							Purchase of supplies	10		
							Lease of property	14		
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	TOHKA CO., LTD. (Note 3)	Shibuya-ku, Tokyo	100	Business of renting property / Leasing business	(Direct: 5.8%)	Rent of the office, etc. and purchase of lease assets Interlocking officers	Rent of property	1,021	Investments and other assets (Other)	946
							Purchase of lease assets	29	Accounts payable – other	6
							Sales of land	552	Current liabilities (Other)	54
									Lease obligations (fixed)	37
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	nakato co., ltd (Note 3)	Minato-ku, Tokyo	10	Wholesale of liquors and foods	None	Sale of goods and products	Sale of goods and products	39	Notes and accounts receivable – trade	17
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	To Solutions Co., Ltd. (Note 4)	Chofu-shi, Tokyo	90	Plan, development, sale, maintenance and operations support of computer systems	Direct: 20.0%	Outsourcing of computing work Interlocking officers	Payment of IT-related expense	2,614	Accounts payable – other	793
							Purchase of software	3,466		
							Purchase of lease assets	42		
							Lease of property	61	Current assets (Other)	27

Category	Corporate / individual name	Address	Paid-in capital/ equity investment (millions of yen)	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Business relationship	Transaction	Transaction amount (millions of yen)	Account	Ending balance (millions of yen)
Incorporated foundation for which officer(s) and his/her close relative(s) serve as representative director	The Kewpie Mirai Tamago Foundation (Note 5)	Shibuya-ku, Tokyo	–	Support project for dietary education activity groups	None	Donation of goods and products Interlocking officers	Payment of donations	17	–	–

(Notes) 1. In principle, the terms of all transactions are determined individually upon consultation by reference to market prices, etc., as with other transactions in general. Selling price of land is determined by referring to appraisal by a real estate appraiser.

2. Amane Nakashima, Chairman of the Company, and his close relatives and a company in which they own a majority of voting rights directly own 82.9% of the voting rights of the company.

3. The company in which Amane Nakashima, Chairman of the Company, and his close relatives own a majority of voting rights directly owns 100.0% of the voting rights of the company.

4. The company in which Amane Nakashima, Chairman of the Company, and his close relatives own a majority of voting rights directly owns 80.0% of the voting rights of the company.

5. This foundation aims to contribute to realization of a healthy society by making donations to organizations that engage in dietary education activities and create places to stay through food. The amount of donations made to the foundation is determined through joint discussion of the relevant parties.

Current fiscal year (From December 1, 2021 to November 30, 2022)

Category	Corporate / individual name	Address	Paid-in capital/ equity investment (millions of yen)	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Business relationship	Transaction	Transaction amount (millions of yen)	Account	Ending balance (millions of yen)
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	NAKASHIMATO CO., LTD. (Note 2)	Shibuya-ku, Tokyo	50	Sale of various processed foods	Direct: 8.7% (Direct: 8.7% Indirect: 8.0%)	Purchase of products, sale of goods and products and payment of brand use fees Interlocking officers	Purchase of products	383	Notes and accounts payable – trade	76
							Sale of goods and products	30	Notes and accounts receivable – trade	5
							Payment of brand use fees	400	Current assets (Other)	29
							Purchase of promotional items	21	Accounts payable – other	47
							Purchase of supplies	12		
							Lease of property	15		
							Receipt of dividends	11		
							Purchase of tangible fixed assets (Note 5)	35		
							Sales of shares (Note 6)	1,498		
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	TOHKA CO., LTD. (Note 3)	Shibuya-ku, Tokyo	100	Business of renting property / Leasing business	(Direct: 8.0%)	Rent of the office, etc. and purchase of lease assets Interlocking officers	Rent of property	1,054	Investments and other assets (Other)	946
									Accounts payable – other	8
									Current liabilities (Other)	20
									Lease obligations (fixed)	26
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	nakato co., ltd (Note 3)	Minato-ku, Tokyo	10	Wholesale of liquors and foods	None	Sale of goods and products	Sale of goods and products	32	Notes and accounts receivable – trade	18
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	To Solutions Co., Ltd. (Note 4)	Chofu-shi, Tokyo	90	Plan, develop-ment, sale, maintenance and operations support of computer systems	Direct: 20.0%	Outsourcing of computing work Interlocking officers	Payment of IT-related expense	3,183	Accounts payable – other	1,589
							Purchase of software	7,205		
							Lease of property	63	Current assets (Other)	27

(Notes) 1. In principle, the terms of all transactions are determined individually upon consultation by reference to market prices, etc., as with other transactions in general.

2. Amane Nakashima, Chairman of the Company, and his close relatives and a company in which they own a majority of voting rights directly own 85.6% of the voting rights of the company.

3. The company in which Amane Nakashima, Chairman of the Company, and his close relatives own a majority of voting rights directly owns 100.0% of the voting rights of the company.

4. The company in which Amane Nakashima, Chairman of the Company, and his close relatives own a majority of voting rights directly owns 80.0% of the voting rights of the company.
5. The terms of transactions are determined through joint discussion of the relevant parties.
6. The sales amount of shares is determined by basing it on the valuation of the shares conducted by an independent third-party valuation specialist.

(2) Transactions between consolidated subsidiaries of the company filing the consolidated financial statements and related parties

Officers and principal individual shareholders of the company filing the consolidated financial statements, etc.

Previous fiscal year (From December 1, 2020 to November 30, 2021)

Category	Corporate / individual name	Address	Paid-in capital/ equity investment (millions of yen)	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Business relationship	Transaction	Transaction amount (millions of yen)	Account	Ending balance (millions of yen)
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	NAKASHIMATO CO., LTD. (Note 2)	Shibuya-ku, Tokyo	50	Sale of various processed foods	Direct: 10.3% (Direct: 10.9% Indirect: 5.8%)	Purchase of products and sale of goods and products Interlocking officers	Purchase of products Sale of goods and products Rent of property	785 66 21	Notes and accounts payable – trade Notes and accounts receivable – trade Current assets (Other) Accounts payable – other	124 10 17 37
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	TOHKA CO., LTD. (Note 3)	Shibuya-ku, Tokyo	100	Business of renting property / Leasing business	(Direct: 5.8%)	Rent of the office, etc. and purchase of lease assets Interlocking officers	Rent of property Interest paid	231 16	Investments and other assets (Other) Accounts payable – other Current liabilities (Other) Lease obligations (fixed)	91 0 138 803
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	nakato co., ltd (Note 3)	Minato-ku, Tokyo	10	Wholesale of liquors and foods	None	Sale of goods and products and purchase of products	Sale of goods and products Purchase of products	253 45	Notes and accounts receivable – trade Notes and accounts payable – trade	42 3
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	To Solutions Co., Ltd. (Note 4)	Chofu-shi, Tokyo	90	Plan, develop-ment, sale, maintenance and operations support of computer systems	Direct: 20.0%	Outsourcing of computing work Interlocking officers	Payment of IT-related expense Purchase of software	1,080 65	Accounts payable – other Current liabilities (Other) Lease obligations (fixed)	152 15 13

(Notes) 1. In principle, the terms of all transactions are determined individually upon consultation by reference to market prices, etc., as with other transactions in general.

2. Amane Nakashima, Chairman of the Company, and his close relatives and a company in which they own a majority of voting rights directly own 82.9% of the voting rights of the company.

3. The company in which Amane Nakashima, Chairman of the Company, and his close relatives own a majority of voting rights directly owns 100.0% of the voting rights of the company.

4. The company in which Amane Nakashima, Chairman of the Company, and his close relatives own a majority of voting rights directly owns 80.0% of the voting rights of the company.

Current fiscal year (From December 1, 2021 to November 30, 2022)

Category	Corporate / individual name	Address	Paid-in capital/ equity investment (millions of yen)	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Business relationship	Transaction	Transaction amount (millions of yen)	Account	Ending balance (millions of yen)
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	NAKASHIMATO CO., LTD. (Note 2)	Shibuya-ku, Tokyo	50	Sale of various processed foods	Direct: 8.7% (Direct: 8.7% Indirect: 8.0%)	Purchase of products and sale of goods and products Interlocking officers	Purchase of products	647	Notes and accounts payable – trade	88
							Sale of goods and products	69	Notes and accounts receivable – trade	8
							Rent of property	15	Current assets (Other)	19
									Accounts payable – other	11
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	TOHKA CO., LTD. (Note 3)	Shibuya-ku, Tokyo	100	Business of renting property / Leasing business	(Direct: 8.0%)	Rent of the office, etc. and purchase of lease assets Interlocking officers	Rent of property	175	Investments and other assets (Other)	91
									Accounts payable – other	0
							Interest paid	14	Current liabilities (Other)	113
									Lease obligations (fixed)	691
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	nakato co., ltd (Note 3)	Minato-ku, Tokyo	10	Wholesale of liquors and foods	None	Sale of goods and products and purchase of products	Sale of goods and products	251	Notes and accounts receivable – trade	49
							Purchase of products	43	Notes and accounts payable – trade	3
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	To Solutions Co., Ltd. (Note 4)	Chofu-shi, Tokyo	90	Plan, develop-ment, sale, maintenance and operations support of computer systems	Direct: 20.0%	Outsourcing of computing work Interlocking officers	Payment of IT-related expense	1,311	Accounts payable – other	160
							Purchase of software	60	Current liabilities (Other)	5
							Purchase of lease assets	20	Lease obligations (fixed)	13

(Notes) 1. In principle, the terms of all transactions are determined individually upon consultation by reference to market prices, etc., as with other transactions in general.

2. Amane Nakashima, Chairman of the Company, and his close relatives and a company in which they own a majority of voting rights directly own 85.6% of the voting rights of the company.

3. The company in which Amane Nakashima, Chairman of the Company, and his close relatives own a majority of voting rights directly owns 100.0% of the voting rights of the company.

4. The company in which Amane Nakashima, Chairman of the Company, and his close relatives own a majority of voting rights directly owns 80.0% of the voting rights of the company.

Per Share Information

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
Net assets per share (yen)	1,767.14	1,925.54
Earnings per share (yen)	128.17	115.34

(Notes) 1. "Earnings per share – diluted" is not presented because of no issue of potential shares.
2. Calculation basis of net assets per share is as follows.

	Previous fiscal year (As of November 30, 2021)	Current fiscal year (As of November 30, 2022)
Total net assets (millions of yen)	269,301	294,623
Amount subtracted from total net assets (millions of yen)	23,660	26,965
[Non-controlling interests] (millions of yen)	[23,660]	[26,965]
Net assets attributable to common stock at the end of the fiscal year (millions of yen)	245,640	267,657
Number of shares of common stock at the end of the fiscal year (thousand shares)	139,004	139,004

3. Calculation basis of earnings per share is as follows.

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
Profit attributable to owners of parent (millions of yen)	18,014	16,033
Amounts not attributable to common shareholders(millions of yen)	—	—
Profit attributable to owners of parent attributable to common stock (millions of yen)	18,014	16,033
Weighted average number of shares of common stock (thousand shares)	140,554	139,004

(Significant subsequent events)

Not applicable.

(e) Consolidated Supplementary Statements

1. Description of bonds

Corporate name	Issue	Issue date	Beginning balance (millions of yen)	Ending balance (millions of yen)	Interest rate per annum (%)	Pledged	Maturity date
The Company	The 3rd Unsecured Bonds	February 15, 2019	10,000	10,000	0.230	None	February 13, 2026
Total	—	—	10,000	10,000	—	—	—

(Note) The aggregate amount that will be redeemed in annual maturities after the fiscal year end of the Company's consolidated financial statements is as follows:

Within one year (millions of yen)	Over one year to two years (millions of yen)	Over two years to three years (millions of yen)	Over three years to four years (millions of yen)	Over four years to five years (millions of yen)	Over five years (millions of yen)
—	—	—	10,000	—	—

2. Description of bank loans etc.

Item	Beginning balance (millions of yen)	Ending balance (millions of yen)	Average interest rate per annum (%)	Repayment date
Short-term loans payable	1,305	2,773	8.588	—
Current portion of long-term loans payable	10,285	285	0.313	—
Current portion of lease obligations	528	575	3.021	—
Long-term loans payable	16,356	16,070	0.272	From December 2023 to May 2026
Long-term lease obligations	3,780	3,337	2.000	From December 2023 to November 2050
Other interest-bearing debt	—	—	—	—
Total	32,257	23,042	—	—

(Notes) 1. Average interest rates are calculated by using interest rates and balance of loans payable at the end of the current fiscal year.
2. The annual aggregate amount of long-term loans payable and lease obligations repaid after the fiscal year end of the Company's consolidated financial statements is as follows:

	Over one year to two years (millions of yen)	Over two years to three years (millions of yen)	Over three years to four years (millions of yen)	Over four years to five years (millions of yen)	Over five years (millions of yen)
Long-term loans payable	15,285	284	500	—	—
Lease obligations	403	341	282	245	2,064

3. Description of asset retirement obligations

The amounts of asset retirement obligations at the beginning and the end of the current fiscal year are omitted pursuant to the provisions of Article 92-2 of the Regulation on Consolidated Financial Statements, since they are at or below one percent of the total amounts of liabilities and net assets at the beginning and the end of the current fiscal year, respectively.

(2) Other

Quarterly information for the current fiscal year

(Cumulative period)	Three months	Six months	Nine months	Fiscal year
Net sales (millions of yen)	100,536	207,523	318,214	430,304
Profit before income taxes (millions of yen)	7,124	14,628	23,670	26,630
Profit attributable to owners of parent (millions of yen)	4,455	8,889	14,541	16,033
Earnings per share (yen)	32.05	63.95	104.61	115.34

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Earnings per share (yen)	32.05	31.90	40.66	10.73

"Translation"

Independent Auditors' Audit Report and Internal Control Audit Report

February 22, 2023

The Board of Directors
KEWPIE KABUSHIKI-KAISHA
(Kewpie Corporation)

Ernst & Young ShinNihon LLC
Tokyo Office, Japan

Designated and Engagement Partner — Yoshimi Kimura, Certified Public Accountant

Designated and Engagement Partner — Junichiro Tsuruta, Certified Public Accountant

Designated and Engagement Partner — Miyuki Nakamura, Certified Public Accountant

<Audit of financial statements>

Opinion

Pursuant to Paragraph 1 of Article 193-2 of the Financial Instruments and Exchange Law of Japan, we have audited the consolidated financial statements of KEWPIE KABUSHIKI-KAISHA presented in "Financial Information" from December 1, 2021 to November 30, 2022, namely, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in net assets, the consolidated statement of cash flows, the significant matters forming the basis for the preparation of consolidated financial statements, other notes and the consolidated supplementary statements, all expressed in yen.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of KEWPIE KABUSHIKI-KAISHA and its consolidated subsidiaries as at November 30, 2022, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Related party transactions for sales of shares</td></tr>
<tr><th>Description of the Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td>As described in the Note (Related Party Transactions), on August 31, 2022, the Company sold shares of NAKASHIMATO CO., LTD., which is a related party (a company whose officer and his close relatives own a majority of the voting rights), to NAKASHIMATO CO., LTD. at ¥1,498 million and recorded a ¥1,288 million gain on sales of shares of subsidiaries and associates.
In selling these shares, the Company determined the transaction price based on the valuation of the shares conducted by a third-party valuation specialist.
Since the sale of the shares is a significant transaction with a related party that is outside of the Company's ordinary course of business, it involves difficulties to determine whether the terms of the transaction were at arm's length, and there is a potential risk of arbitrary decisions intervening, which may affect the financial position and operating results of the Company.
Accordingly, we determined evaluating the business rationale and the transaction price of the sale of the shares to be a key audit matter.</td><td>The audit procedures we performed to evaluate the business rationale and the transaction price of the sale of the shares to NAKASHIMATO CO., LTD. include the following, among others:
- In order to evaluate the business rationale of selling the shares to the related party, we inquired management of the purpose of the transaction, gained an understanding of the terms of the transaction by inspecting the agreement and reviewed the minutes of the Board of Directors meeting.
- We reviewed the minutes of the Board of Directors meeting to understand how the transaction price was determined.
- In order to evaluate the transaction price, with the involvement of our valuation specialists of our network of firm, we reviewed the valuation report of the shares, and evaluated competence, capabilities and objectivity of the third-party valuation specialist used by management. In addition, we evaluated the valuation of the shares reported in the valuation report by gaining an understanding of the valuation methodology and the process applied by the valuation specialist used by the management. We also evaluated the process to determine the transaction price based on the valuation of the shares.</td></tr>
</table>

Other Information

The other information comprises the information included in the Annual Securities Report but does not include the consolidated financial statements, non-consolidated financial statements and our audit report thereon. Management is responsible for preparation and disclosure of the other information. The corporate auditor and the Audit & Supervisory Board are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, Corporate Auditors and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating of such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Corporate auditors and the Audit & Supervisory Board are responsible for overseeing the directors' performance of duties within the designing and operating of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates and related notes by management.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide corporate auditors and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

From the matters communicated with corporate auditors and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current fiscal year and therefore the key audit matters. We describe these matters in our audit report unless laws or regulation preclude public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Audit of internal control>

Opinion

Pursuant to Paragraph 2 of Article 193-2 of the Financial Instruments and Exchange Law of Japan, we also have audited the accompanying Management's Report on Internal Control over Financial Reporting for the consolidated financial statements as at November 30, 2022 of KEWPIE KABUSHIKI-KAISHA and its consolidated subsidiaries (the "Company") (the "Management's Report").

In our opinion, the Management's Report referred to above, which represents that internal control over financial reporting of the consolidated financial statements as at November 30, 2022 is effective, presents fairly, in all material respects, the result of the management's assessment on internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Audit Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities for internal control over financial reporting under those standards are further described in the "Auditor's Responsibilities for the Audit of the Internal Control" section. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management, Corporate Auditors and the Audit & Supervisory Board for the Management's Report

Management is responsible for designing and operating internal control over financial reporting, and the preparation and fair presentation of the Management's Report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Corporate auditors and the Audit & Supervisory Board are responsible for monitoring and verifying the design and operation status of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect misstatements.

Auditor's Responsibilities for the Audit of the Internal Control

Our responsibilities are to obtain reasonable assurance about whether the Management's Report is free from material misstatement and to issue an internal control audit report that includes our opinions on the Management's Report based on our internal control audit from an independent point of view.

In accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in the Management's Report. The procedures selected depend on the auditor's judgment, including the significance of effects on the reliability of financial reporting.
- Evaluate disclosures on scope, procedures and conclusions of management's assessment of internal control over financial reporting, as well as evaluate the overall presentation of the Management's Report.
- Obtain sufficient and appropriate audit evidence about the results of the assessment of internal control over financial reporting in the Management's Report. We are responsible for the direction, supervision and performance of the audit of the Management's Report. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the Audit & Supervisory Board regarding the planned scope and timing of the internal control audit, the results of the internal control audit, any significant deficiencies identified in internal control to be disclosed, the results of corrective actions against the deficiencies, and other matters required by auditing standards for internal control.

We also provide corporate auditors and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the internal control, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Conflicts of Interest

We have no interest in the Company and its consolidated subsidiaries which should be disclosed in compliance with the Certified Public Accountants Act.

*   The above Independent Auditors' Audit Report and Internal Control Audit Report are translations of the original reports, which are based on Paragraph 1 and Paragraph 2, respectively, of Article 193-2 of the Financial Instruments and Exchange Law of Japan.

VI. Stock Information of Reporting Company

<table>
<tr><td>Fiscal year</td><td>From December 1 to November 30</td></tr>
<tr><td>The Ordinary General Meeting of Shareholders</td><td>Held in February</td></tr>
<tr><td>Record date</td><td>November 30</td></tr>
<tr><td>Dividend record dates</td><td>May 31, November 30</td></tr>
<tr><td>Shares per trading unit</td><td>100 shares</td></tr>
<tr><td colspan="2">Purchase of shares less than one unit:</td></tr>
<tr><td>Handling office</td><td>(Special account)
Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Business Planning Department
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo</td></tr>
<tr><td>Agent</td><td>(Special account)
Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Business Planning Department
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo</td></tr>
<tr><td>Shareholders' contacts</td><td>—</td></tr>
<tr><td>Stock transfer fee</td><td>(Note 1)</td></tr>
<tr><td>Newspaper for announcements</td><td>The Company shall publish its public notices by electronic means.
However, if it is impossible to post electronic public notices because of an accident or other unavoidable circumstances, the public notices shall be made by publication in the Nikkei.
URL for public notice: https://www.kewpie.com/company/</td></tr>
<tr><td>Shareholder privileges</td><td>The Company provides a gift around early March to those shareholders who are recorded in the shareholder registry as of November 30, and who have held at least one trading unit (100 shares) of the Company's shares in accordance with the gift criteria presented below.
<table>
<tr><th>Number of shares held</th><th>Continued holding period</th><th>Details of benefits</th></tr>
<tr><td rowspan="2">100 shares to 499 shares</td><td>Six months or more</td><td>Group products valued at ¥1,000</td></tr>
<tr><td>Three years or more</td><td>Group products valued at ¥1,500</td></tr>
<tr><td rowspan="2">500 shares or more</td><td>Six months or more</td><td>Group products valued at ¥3,000</td></tr>
<tr><td>Three years or more</td><td>Group products valued at ¥5,000</td></tr>
</table>
* A shareholder who has kept holding the Company's shares for six months or more is defined as a shareholder who has been registered in the shareholder registry as of May 31 and November 30 under the same shareholder number on two or more consecutive occasions.
A shareholder who has kept holding the Company's shares for three years or more is defined as a shareholder who has been registered in the shareholder registry as of May 31 and November 30 under the same shareholder number on seven or more consecutive occasions.</td></tr>
</table>

(Notes) 1. The calculating method below shall be used to determine fees for purchase of shares less than one unit on the basis of the method below, in which total purchase fees per trading unit are divided by the total number of shares purchased and multiplied by the number of shares held by the shareholder.

(Calculation Method) Purchase prices per share, determined by the final TSE market price, are multiplied by the number of shares per trading unit, and the sum total amount derived therefrom is applied, as in the following table, to find the percentage fee charged.

Total amount	Percentage fee
¥1 million or less	1.150%
Over ¥1 million – ¥5 million	0.900%
Over ¥5 million – ¥10 million	0.700%
Over ¥10 million – ¥30 million	0.575%
Over ¥30 million – ¥50 million	0.375%

(Amounts of less than ¥1 are rounded down.)

However, if the purchase fee per trading unit calculated above is less than ¥2,500, the fee shall be ¥2,500.

2. In accordance with the Articles of Incorporation, the Company's shareholders cannot exercise rights other than those listed below for shares less than one unit.
   (1) Rights listed in items of Article 189, Paragraph 2 of the Companies Act
   (2) Right to receive allocation of shares for subscription or stock acquisition rights for subscription in accordance with the number of shares owned
   (3) Right stipulated by Article 166, Paragraph 1 of the Companies Act to request acquisition of shares with rights to acquire new shares

The information contained in this report is derived from Kewpie Corporation's (the "Company") Management's Report on Internal Control over Financial Reporting in Japanese filed with the Commissioner of the Financial Services Agency on February 24, 2023 in accordance with the Financial Instruments and Exchange Law, and has been translated into English for the convenience of readers outside Japan.

Document Title:	Management's Report on Internal Control over Financial Reporting
Corporate Name:	KEWPIE KABUSHIKI-KAISHA
English Corporate Name:	Kewpie Corporation
Name and Title of Representative:	Mitsuru Takamiya
	Representative Director President and Chief Executive Corporate Officer
Location of Head Office:	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo 150-0002, Japan

1. Basic Framework of Internal Control over Financial Reporting

The Representative Director, President and Chief Executive Corporate Officer Mitsuru Takamiya is responsible for designing and operating the Company's internal control over financial reporting. He designs and operates internal control over financial reporting in accordance with the basic framework of internal control presented in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" issued by the Business Accounting Council.

Internal control achieves its objectives to a reasonable extent given that all individual components of internal control are integrated and function as a whole. Internal control over financial reporting for consolidated financial statements may not completely prevent or detect misstatements in financial reporting.

2. Scope of Assessment, Assessment Date and Assessment Procedure

Assessment of internal control over financial reporting was carried out as of November 30, 2022, which is the final day of the Company's business year, in accordance with generally accepted assessment standards for internal control over financial reporting.

In this assessment, the business processes to be assessed are selected after an assessment of internal control that has a significant impact on overall financial reporting on a consolidated basis ("company-level internal control") is carried out, and in consideration of the results of the said assessment. In assessing the said business processes, an assessment of the effectiveness of internal control is conducted by identifying the key controls that would have a material impact on the reliability of financial reporting after analyzing the selected business processes and by assessing the status of design and operation of the said key controls.

The scope of assessment of internal control over financial reporting is determined to be the scope that is necessary from the viewpoint of materiality of the impact on the reliability of financial reporting regarding the Company, its consolidated subsidiaries and its equity-method affiliates. The materiality of the impact on the reliability of financial reporting is determined in consideration of the materiality of quantitative and qualitative impacts. The scope of assessment of business process-level internal control is determined reasonably in light of the results of an assessment of company-level internal control carried out with respect to the Company and its ten consolidated subsidiaries. Other consolidated subsidiaries and equity-method affiliates are not included in the scope of assessment of company-level internal control as they are deemed to be immaterial in terms of quantitative and qualitative materiality.

To determine the scope of assessment of business process-level internal control, "significant business locations" are selected. They are composed of business locations determined in descending order based on their net sales levels in the current fiscal year (after elimination of intra-group transactions) until their combined amount reaches approximately two thirds of consolidated net sales in the current fiscal year (as a result, three companies were selected), as well as other significant outsourced business locations. At the selected significant business locations, business processes leading to net sales, accounts receivable–trade, inventories and accounts payable–trade which are deemed as accounting items that are closely associated with a company's business purpose, are included in the scope of the assessment. In addition, the scope of assessment includes other business locations as well as selected significant business locations with respect to certain business processes. Specifically, business processes that have a high risk of misstatement and relate to significant accounting items involving estimates and forecasts, and business processes relating to a business or operation dealing with high-risk transactions, are added to the scope of assessment as business processes with substantial significance in terms of effects on financial reporting, regardless of whether they occur at selected significant business locations.

3. Assessment Result

As a result of the above assessment, we judge that the Company's internal control over its financial reporting is effective as of November 30, 2022.